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Latin America

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Cuba

Officers Close to General Ochoa Also Arrested

PA1506230689 Madrid EFE in Spanish 2144 GMT 15 Jun 89

[Text] Havana, 15 Jun (EFE)—EFE learned today from reliable sources that several military officers close to General Arnaldo Ochoa Sanchez, who was arrested for corruption, have also been taken into preventive custody while an investigation is conducted.

During a major and unusual political speech last night, General Raul Castro, second in the Cuban hierarchy, said that Ochoa had been working with several officers. The terse speech, which was delivered before the Army and Interior Ministry high commands and broadcast live throughout the country, has been commented on extensively today in political and diplomatic circles in Havana.

According to the available information, on which official confirmation could not be obtained, a military man with the rank of colonel is among those arrested for involvement in Ochoa's "businesses," which were not fully described.

Ochoa's detention, which Castro said was not politically motivated, has been taken in official circles as a warning not only to the military but to party and government leaders who abuse their positions.

However, at a point in his speech, the brother of President Fidel Castro linked corruption to political treason.

"This business is going to end in this country no matter what, because others are judged largely on the basis of the actions of a general, because other ministers are judged on the basis of a minister who did not take care of the bus situation but was instead engaging in other activities," Castro stressed.

Diocles Torralba, minister of transport and vice president of the Council of Ministers, was dismissed this week on charges of devoting himself to the easy life.

Raul Castro said that the military officer is being held "in a place that is quite comfortable" and said, referring to the other military men close to Ochoa, that "the others are talking."

The division general, whose performance during the war in Angola was criticized by Castro, was arrested "for serious acts of corruption and dishonest management of economic resources," according to a note from the Ministry of the Revolutionary Armed Forces [FAR].

Official sources said the presence of television cameras during Raul Castro's speech was approved by Fidel Castro and his government after the chiefs of several large Cuban military units expressed interest in knowing the circumstances under which the general was arrested. Ochoa Sanchez had been proposed for the post of chief of the Western Army, which is one of the three FAR divisions, and was scheduled to assume his post before June 24.

For this reason, his unexpected dismissal surprised some sectors in the military institution, which receives special treatment from the government.

Raul Castro will be in charge of presenting the report on the arrested general to a military court.

His dossier and several recordings of his conversations with the minister of the Armed Forces were shown to the chief of general staff and party leaders before last night's speech.

Former General on Arrest

PA1606013089 Madrid EFE in Spanish 0014 GMT 16 Jun 89

[Text] Washington, 15 Jun (EFE)—Cuban General Rafael del Pino, who defected to the United States in May 1987, believes that the arrest of General Arnaldo Ochoa Sanchez on Wednesday was to prevent "an uprising against the regime" of Cuban President Fidel Castro. "I believe that in this case, Cuban intelligence discovered a high rate of discontent among the officers that could lead to an uprising against the regime. Urgent measures were taken, therefore, to nip the movement in the bud," Del Pino stated in a telephone news conference from the United States.

The Cuban defector said that Ochoa's arrest "will increase discontent" among the Cuban military and people, because he is regarded as a "national hero and all the officers admire him."

"Ochoa has always been an austere man, a dedicated officer, and does not have his hands stained with blood," Del Pino stated.

However, he dismissed the possibility of any uprising in support of Ochoa "for the moment," such as occurred in China, because "all of his general staff was arrested. They will arrest all suspects, and this will give the regime a chance to make changes in key units."

According to Del Pino, what happened in Cuba on Wednesday "is an example of the general deterioration of the socialist system."

The Cuban defector said that the refusal on Wednesday to permit an aircraft with "Marielitos" (refugees considered outcasts by the U.S. Government) from landing in Cuba was because the "regime is now setting up a big show to divert attention from its domestic problems."

He said the "show" entails "provoking a crisis with the United States," creating "the impression that Cuba is going to be attacked by the Yankees." He added: That is why the "Cuban officials said that I was aboard a U.S. aircraft carrier staging maneuvers against Cuba."

"I told Fidel Castro that I was not the exception but the rule, and that I had wings and other comrades could not cross the ocean in a tank," said Del Pino, who defected to the United States piloting an aircraft.

GRANMA Editorial on Arrest

FL1606115889 Havana Radio Reloj Network in Spanish 1032 GMT 16 Jun 89

[Text] The newspaper GRANMA published today an editorial related to the events that led to the measures taken against Diocles Torralba and Arnaldo Ochoa and reported that several people were arrested, including civilians and Revolutionary Armed Forces [FAR] and Interior Ministry [MININT] personnel. The leadership of the party, FAR, and MININT, under the personal orders of the commander in chief, are working on the rigorous elucidation of the misdeeds committed in these cases against moral and socialist law, and has extensively informed GRANMA on the background and the course of the investigation taking place against those important party and state officials. This confirms the gravity of the charges brought against them.

In today's editorial, GRANMA newspaper states that the Diocles Torralba's case and Arnaldo Ochoa's case are not directly related. Regarding Diocles Torralba, the deeds are mainly linked to an immoral, dissolute, and corrupt personal behavior, according to all the investigations. It has not been established yet, but the way in which this behavior could have influenced the use of financial and material resources he managed because of his high-level position is being thoroughly investigated. Diocles Torralba and Publicitur [expansion unknown] official (Idalberto Galvez Richardson), owner of the house where he recently lived, have been arrested, pending the results of the investigation.

GRANMA notes that although the behaviors and problems are different, people who are seriously implicated had common links with Diocles and Ochoa.

The case of Arnaldo Ochoa is much more serious and complex, says GRANMA in its editorial. Ochoa was out of the country since 1983 because of the important tasks assigned to him in military cooperation with Nicaragua and later in Angola. He frequently was in and out of the country because of the nature of his functions. His military hierarchy, prestige, and the trust he enjoyed, allowed Ochoa to cover up the process of moral deterioration that he went through slowly. He strongly influenced and was able to corrupt officers who worked directly with and used them in his illegal activities. GRANMA stresses that Ochoa also influenced a group of MININT officers who, as he did, fell in a process of open moral deterioration.

GRANMA adds that the decision to appoint Arnaldo Ochoa as chief of the Western Army was postponed because of rumors of moral irregularities in his behavior and possible improper use of resources. A detailed but discreet verification was initiated to prevent even a desertion. In frank and open discussions with Ochoa, he was not able to explain some of his behavior but the preliminary results of the investigation showed enough signs of the seriousness of the events that brought about the decision to arrest him and submit him to an honor tribunal, in accordance to his rank and the regulations of the FAR, and to inform the people of this.

After determining that there were no indications that Arnaldo Ochoa and his FAR Ministry and MININT accomplices had been involved in political activities against the Revolution, the official note published in newspaper GRANMA stresses that the treason has been against moral, prestige, laws, and revolutionary principles. This deceit always ends up being political in nature. It adds that besides Ochoa's grave moral dissipation and misdeeds, the facts involve him in being responsible for corrupting subordinate officers and leading them to commit illegal actions: improper use, theft [apropiacion], embezzlement, squandering, wasting convertible currency, and the excessive desire to accumulate and manage funds.

What constitutes a much more serious deed and what is unprecedented in the history of the Revolution is that Ochoa and some MININT officials linked to him made contacts with international drug traffickers and reached agreements with them. The GRANMA editorial says it is possible that Ochoa and his accomplices could have even cooperated in some drug trafficking operations near our territory. The investigations are focusing on this extremely serious aspect, which could have been the basis for the insidious imperialist campaigns against the Cuban Revolution. Everything confirmed on the case will be extensively reported to the national and international public opinion.

GRANMA also reports that because of their participation in either one of the deeds or in several of them, in order of their degree of involvement, the following FAR members have been arrested: Captain Jorge Martinez Valdes and (Colonel Antonio Rodriguez Escutinan), both Ochoa's aides. The main officials implicated from the MININT are: Brigade General Patricio de la Guardia Font, Colonel Antonio de la Guardia Font, Lieutenant Colonel Alexis Lago Arocha, and Major Amado Padron Trujillo. All of them have been arrested.

Although it is extremely surprising and bitter for our people, these deeds show that in our fatherland, absolutely nobody, no matter how great his merits may be, no matter how high in the hierarchy he may be, nobody will be able to violate without punishment the principles and laws of the Revolution.

Raul Castro Addresses Western Army

FL1506132089 Havana Radio Progreso Network in Spanish 1100 GMT 15 Jun 89

[Text] Army General Raul Castro delivered a forceful speech during the event marking the 28th anniversary of the Western Army last night. Raul said this force was created on 14 June 1961 at the orders of Commander in Chief Fidel Castro. This happily coincided with the birthdates of Antonio Maceo and Ernesto Guevara. Raul highlighted the sustained work carried out lately by the members of the Western Army who began to get rid of, with determination, deficiencies that were subject to criticism in 1986.

Raul said there is now a very coherent atmosphere in the Western Army. He added that pride and honor shown after the criticisms were made explain the tenacious efforts and the modest but firm advances. Raul asserted that such qualities and virtues can only be promoted by chiefs with teaching talents and the authority of someone with a good reputation.

Regarding this, he cited the case of Division General Leopoldo Cintra Frias, who has been the chief of the entire Cuban internationalist mission in Angola since last January. Raul said that during the last stage of the war in Angola, Cintra Frias was the chief of the powerful troop which fought in the south. He said that at that time, Gen Cintra commanded around 80 percent of the Cuban troops there.

Later, Raul referred to the negative attitude of Division General Arnaldo Ochoa in the fulfillment of his mission in Angola. He characterized as eloquent the note that was published in GRANMA on the matter and said a lesson can be learned from it: No matter how many stars one has on his shoulders and how many medals on his chest, nobody can be above the people or anyone else. Raul stressed that nobody, no matter how many merits he may have, should think he is untouchable.

During the course of his speech, Raul went back to the subject of the Western Army to say that it should feel proud of having a chief such as Leopoldo Cintra Frias whom Division General Ramon Pardo Guerra was able to replace efficiently [sentence as heard]. Then, Raul announced that Commander in Chief Fidel Castro had approved Pardo Guerra's appointment as new chief of the Western Army.

General Ochoa was getting ready to assume this post when the grave charges brought against him were known. Raul asserted: I have the deepest belief that with Pardo Guerra's appointment the bitter experience of having to get rid of Div Gen Arnaldo Ochoa will be overcome.

Raul said internationalist combatants in Angola will continue to return victorious to the fatherland in coming months. He added that a considerable amount of technology and weapons will also be received. He said the appropriate measures were taken to receive and maintain the equipment. Raul noted that as a result of the return of those units, the forces in the country will be strengthened and said many of the resources received will be handed over to defense zones and other Territorial Militia Groups.

Raul then analyzed the current status of the Cuban-U.S. relations. He said Washington is heating up the area and added that an increase of anti-Cuban activities by the U.S. Government can be noted. Raul asserted that while on one hand negotiations are being held and understandings reached, on the other, there are clear signs of increased threats. This shows that we cannot neglect our defense efforts.

Raul said Cuba had been expecting, with some reservations, a more pragmatic and realistic attitude from the current U.S. administration. He added that after following the events carefully, a number of facts have left clear the current U.S. Government stand. Among them, Raul referred to the threatening remarks made by President George Bush, the efforts to establish an anti-Cuban television station, U.S. complaints of alleged incidents in the Guantanamo Navy Base, and large military exercises having Cuba as a target.

Raul noted that these attitudes tend to increase friction. On an aside, he said that if the United States establishes a television station against Cuba which harms our sovereignty, it will receive an appropriate response. Raul warned that the Revolutionary Armed Forces and the Cuban people should learn about the new aggressive escalation that the U.S. administration is waging while there is still time to stop it, because we know where it will lead.

Later, Raul made reference to the current problems in socialist countries and reiterated that we have the right to build the socialism we want. After denouncing the furious imperialistic campaigns against the commander in chief, Raul said our most important living symbol is called Fidel Castro. This made an impact in the room and all those present gave a long standing ovation. Raul noted the revolutionary intransigence of the Cuban people who are led by Fidel and consolidated in patriotism and loyalty to the ideas of Marxism-Leninism.

Finally, he said: Let's be as those men who gave everything they had to finance the assault to the Moncada Barracks. Some of them gave their lives. This is how a revolution is made. Let's forge among us the ties of brotherhood and respect that kept and still keep us united, that helped us win. Let's work so that this Western Army becomes a shield for the fatherland, socialism, and internationalism.

Commentary Highlights Speech

FL1506183089 Havana Radio Rebelde Network in Spanish 1700 GMT 15 Jun 89

[Station commentary]

[Text] The speech delivered by Army General Raul Castro last night had a great impact on the people. This was the most talked about subject in the streets all this morning. Raul was just in giving recognition, severe in his criticism, and farsighted in his warning.

Millions of Cubans sitting in front of their television sets felt that in a few words to the people, Raul did not only concern the members of an army marking its 28 years of existence, but his words concerned all of us who are involved in the sacred and beautiful work of the Revolution.

Raul said: Let's remove from the healthy and strong trunk of the Revolution the malignant cells of corruption and dishonesty which have nothing to do and do not belong to the history, to the example, or to the experience of our process. Let's forestall and expel from the core of our society any vicious practice, tolerance, negligence, or lack of control that can favor or coexist with the abuse of power, the buddy system, or arrogance. This was a singular moment of the speech because Raul put aside the text to explain in a more graphic style by talking and reflecting with those present and the television viewers.

Raul exalted merits. He said: Men such as Generals Cintras Frias, hero of the Republic of Cuba, and Pardo Guerra, whose service to the Revolution and the fatherland have made him worthy of high recognition and honors, know and never forget that the merits and reputation of a chief—especially in a people's army—are without exception the synthesis of sacrifice, sweat, and blood of the men who with courage, stoicism, and discipline turn into reality the most risky decisions and materialize the most audacious orders.

Another aspect of the general contents of Raul's speech would come later, after extensively characterizing what a true and everlasting hero is. Speaking with a somewhat hoarse but strong voice, Raul made a call for what we believe is a national duty, to pay careful and close attention to the turn of future events due to the more and more aggressive U.S. policy. To strengthen even more the defense capability of the country is of top priority.

After this, he ended his speech with the most important thing of all. Let's close ranks together with the party under the enlightening leadership of Fidel in the improvement of our socialism.

Commentary Says Quayle Tour 'Obstacle' To Peace

PA1606034089 Havana International Service in Spanish 0000 GMT 16 Jun 89

["Our America" commentary, read by Urbino Amaya]

[Text] The tour that U.S. Vice President Dan Quayle recently ended through four countries of Central America, excluding Nicaragua, can be seen as a veritable obstacle to Central American peace. The tour was primarily directed at pressuring the regional governments into supporting White House plans against Nicaragua and Panama. It is obvious, Nicaraguan President Daniel Ortega charged, that Quayle's tour is a bid for majority support by the Central American Governments of the new destabilization plans against the Sandinist revolution. Two facts confirm this. The first was the meeting held by Quayle in Honduras with four Nicaraguan contra leaders. Although the content of the talks was not revealed, analysts agree that Washington is trying to get those bands to join the political opposition in the 1990 elections. The second no less important argument was the farce represented by the Salvadoran Government accusing Nicaragua of supplying military materiel to the guerrillas. The U.S. vice president visited the Salvadoran Army General Staff where he was shown an arsenal of arms seized, according to them, in a home of the Farabundo Marti National Liberation Front. In a dramatic act, Quayle said that those weapons killed democracy in El Salvador. Mr Quayle was referring to the democracy upheld by the ARENA [Nationalist Republican Alliance] government, which sponsors the death squads in El Salvador, or that of ultrarightist leader Roberto D'Aubuisson, who is responsible for many killings and disappearances, and with whom he met during his tour of Central America. The U.S. vice president promised the Salvadoran Government that his government will continue to aid it economically and militarily. The other objective of Quayle's visit through Central America was Panama, undoubtedly. In the countries visited, the U.S. vice president gave aggressive speeches against the Panamanian authorities. As on former occasions, he requested the ouster of General Manuel Antonio Noriega from the isthmian nation. It is symptomatic that the tour was held precisely as an OAS mission visited Panama to try to find solutions to the domestic conflict. We hope, Quayle said, that the OAS mission will achieve its objective. Otherwise, we will have to seek new options. With that statement, it is implicit that if the solution does not favor the Yankee interests, the U.S. Government can resort to any interventionist maneuver, including exerting new pressure on the Latin American countries. Dan Quayle's tour demonstrated that the White House persists in maintaining the option of force in Central America.

Measures To Be Taken Against TV Marti Signal

FL1506204589 Havana Radio Reloj Network in Spanish 1946 GMT 15 Jun 89

[Report by Ana Cecilia Garcia and Manuel Perez Vega]

[Text] Jorge Gomez Barata, official of the Central Committee of the Communist Party of Cuba [PCC], today spoke at the roundtable session in Havana marking the

30th anniversary of PRENSA LATINA [PRELA]. He stressed our country's opposition to the aggressive U.S. television project against Cuba.

He said that this project will cost U.S. contributors $150 million and it has the support of numerous federal agencies, as well as the special participation of the Defense Department. The cost of the broadcasts is 10 times the 5-year budget of the Latin American Agency for Special Information Services which is confronting so many economic problems in its operations.

Gomez Barata said: We are fighting to dissuade the United States from implementing its anti-Cuban television project and we reserve the right to take the fight to its final consequences.

In his speech at the roundtable marking PRELA's 30th anniversary, PCC Central Committee Official Gomez Barata said that the U.S. anti-Cuban television project is an electronic version of the Platt Amendment. In the same firm manner in which the patriots and people opposed the constitutional appendage that limited our sovereignty, we today reject the attempts to violate the island's radioelectronic airspace, Gomez Barata stressed. He said that all measures within our reach will be adopted to prevent the signal from being received in our national territory.

Speaking at the roundtable session, Julio Guerra conveyed the solidarity of the nonaligned countries' pool of agencies with Cuba in its struggle against the anti-Cuban television project.

UN Official Criticizes Station

FL1606024389 Havana Radio Reloj Network in Spanish 0213 GMT 16 Jun 89

[Text] A UN official said today that the intentions of the United States to create a television station aimed against Cuba are contrary to the goals of good relations between states as promoted by the United Nations.

In remarks made in Havana where he is participating in the roundtable discussion on the occasion of the 30th anniversary of the PRENSA LATINA news agency, (George Leclaire), director of the UN audiovisual department, said that his organization will make a decision when the project materializes. The United Nations has always defended and demanded respect for the rules and standards that regulate worldwide telecommunications, said (Leclaire), who will sign an agreement with Television Latina, a new Cuban service.

The United States has designated an initial budget of $150 million for the television operation against Cuba.

Cooperation Agreement Signed With Iraq

FL1606030289 Havana Radio Reloj Network in Spanish 0220 GMT 16 Jun 89

[Text] A friendly agreement between Cuba and Iraq to expand bilateral relations was signed at the headquarters of the Cuban Institute of Friendship with Peoples in Havana in the presence of Jorge Risquet, member of the Politburo of the Communist Party of Cuba.

After signing the document that will be in effect for 5 years, Dr Rodrigo Alvarez Cambras, vice president of the Cuban-Arab Friendship Association, stressed the importance of the protocol and he said that during the current crisis, cooperation ties between the peoples are more important than ever.

For his part, (Husayn Salih 'Ayt), vice president of the Iraq-Cuba Friendship Association, expressed his satisfaction with the results of his visit to our country.

The signing of the protocol between the two nations allows for activities that will expand the knowledge of their respective histories, as well as advancement in several areas.

Mexican Education Secretary Present at Meeting

FL1506193089 Havana Tele-Rebelde Network in Spanish 1700 GMT 15 Jun 89

[Text] The seventh joint Cuban-Mexican meeting on education, culture, and sports began at the Foreign Ministry this morning.

[Begin recording] [Cuban Education Minister Jose Ramon Fernandez, identified by caption] I am especially pleased to give you once more the most cordial welcome to our country and to express our satisfaction for your willingness to continue working in the strengthening of ties in the field of culture, sports, education, and scientific-technical. At the same time, we want to say that the agreement we previously had was very good. It was over 92 percent fulfilled.

[Mexican Education Secretary Manuel Bartlett, identified by caption] The president has instructed us to work within the framework of the agreement we signed in the area of education, culture, and sports in such a way that we can enrich the always respectful and affectionate relations between our two countries. This agreement has been expanded during the course of time and has opened large avenues of exchange of mutual benefit. [end recording]

Esteban Lazo Meets With Romanian Delegation

FL1506152589 Havana Tele-Rebelde Network in Spanish 1100 GMT 15 Jun 89

[Text] Esteban Lazo, member of the Communist Party of Cuba [PCC] Politburo and first secretary of the PCC Provincial Committee in Santiago de Cuba, has met with the Romanian delegation headed by Lina Ciobanu, member of the Political Executive Committee of the Romanian Communist Party Central Committee. The Cuban leader described aspects of interest of the development of the territory. For her part, Cioubanu expressed her appreciation for the welcome they received and noted that the plans for cooperation between her country and Cuba are extensive. She confirmed that Romania will provide support to the Jose Mercero cement factory.

Protocols Signed With Romania

FL1606011389 Havana Radio Rebelde Network in Spanish 2319 GMT 15 Jun 89

[Interview with Antonio Esquivel Yedra, vice president of the Council of Ministers and light industry minister, by Pepe Arteaga during "Exclusivo" program hosted by Daniel Torres—live]

[Text] [Arteaga] Good evening, Cuba. Good evening, Daniel.

An important protocol was signed here in Havana just a few moments ago at the eighth joint Cuba-Romania commission which is presided over by Antonio Esquivel Yedra and Lina Ciobanu, president of the Romanian Council of Ministers [title as heard]. We have Esquivel here beside us and we would like you to explain to Radio Rebelde's "Exclusivo" listeners what this protocol consists of and when it becomes effective.

[Esquivel Yedra] Good evening. As you said, we just signed two very important documents that note all the work done by the Eighth Joint Cuba-Romania Economic and Scientific-Technical Cooperation Commission. In our opinion, these two documents are of great importance.

The first document is the protocol that corresponds to this session. It is a document that was based on actions to give momentum and depth to relations between Cuba and Romania in the areas of economy, trade, science, and technology. Its objective is to guarantee that these economic trade relations correspond to the current political relations that exist between our two countries. The protocol includes very important activities, such as some investment programs that we jointly agreed have to be developed during the next 5-year-period.

A very important initial program involves cement production. Our Romanian comrades have expressed their willingness to study the Merceron factory's modernization and expansion. This is a factory which, as you know, is located in Santiago de Cuba. Comrade first prime minister Lina Ciobanu yesterday visited the city of Santiago de Cuba. She also visited the cement factory installations. I can say that a serious commitment has been made between our two countries so that the Socialist Republic of Romania can modernize the older part of that factory and add a new line for more than 400,000 tons in the north [corrects himself] in the eastern part of our country.

The other document that was signed establishes cooperation relations, specialization, long-term bilateral cooperation through the year 2000.

The commission has been very important because it reflects everything we should do and can do through all these documents to develop our cooperation.

We have discussed the expansion and modernization of the furniture industry, investments in the mechanical industry, investments in other areas of the economy which are of great importance to our country. For example, cooperation in the furniture industry would allow us to modernize and expand several factories in the country. These factories would play an important role in manufacturing furniture for tourism.

This is why I repeat: This has been a great session and it has ended with two important documents that will guide the entire future of our relations.

Castro Meets With SELA Permanent Secretary

FL1506144089 Havana Tele-Rebelde Network in Spanish 1100 GMT 15 Jun 89

[Text] Tuesday [13 June] evening, Commander in Chief Fidel Castro, president of the Councils of State and Ministers, received Carlos Perez Castillo, permanent secretary of the Latin American Economic System, SELA, who visited our country.

The Latin American and Caribbean proposal on the foreign debt proposed by SELA was discussed during the meeting. This is part of the consultation process the SELA permanent secretary is conducting with Latin American governments before a regional conference that will be called to discuss the proposal. Subjects related to the main economic, political, and social problems affecting the region were discussed during the course of the meeting.

Carlos Rafael Rodriguez, vice president of the Councils of State and Ministers; Raul Maldonado, high-ranking SELA official; Manuel Pineiro, chief of the America Department of the Communist Party of Cuba Central Committee; and other Cuban officials were also present.

Roberto Veiga Welcomes Over 100 Internationalists

FL1506191089 Havana Tele-Rebelde Network in Spanish 1700 GMT 15 Jun 89

[Text] Over 100 internationalist combatants who arrived in our country have been welcomed by Roberto Veiga, member of the Communist Party of Cuba Politburo, Division General Pascual Rodriguez, and Brigade General Carlos Lamas. [Video shows soldiers stepping down from an aircraft at night, Roberto Veiga and others greeting them.]

[Begin unidentified soldier recording] Our Commander in Chief Fidel Castro, top leader of our Cuban Revolution, has made evident the proletarian internationalism. We are proud of returning to the fatherland successfully and victorious from a sister republic such as Angola. Fatherland or death, we shall win. [applause] [end recording]

Meteorological Radar Officially Inaugurated

FL1506162089 Havana Tele-Rebelde Network in Spanish 1100 GMT 15 Jun 89

[Text] The meteorological radar located in Pico San Juan has been officially inaugurated precisely at a time when its services are most valuable, during the hurricane season. Its location in the south central part of the country and its elevation, 1,140 meters above sea level—making it the highest point of the center and western part of the country—make it easier to watch the Caribbean Sea. This is where hurricanes that hit Cuba usually change their course.

With its 400 km radius, this radar can predict, follow, and study other meteorological disturbances, even local ones. Its construction began 3 years ago and could very well be called a feat inasmuch as it was necessary to open paths in the mountains and carry the first construction material on mules.

Rosa Elena Simeon, alternate member of the Communist Party of Cuba [PCC] Politburo and president of the Cuban Academy of Sciences, and Jose Ramon Balaguer, member of the PCC Central Committee Secretariat, attended the inauguration of this new installation, which completes the Meteorology Institute's national radar network.

* FAR Work on Pan-American Games Construction

32480158 Havana TRABAJADORES in Spanish 11 May 89 p 2

[Text] Workers wearing white shirts with the glorious name "Blas Roca" across the front work all day without interruption on the East Complex of the pan-American Games. The passersby will also notice olive green uniforms in their midst.

These are members of the Civil Engineering Company of the FAR [Revolutionary Armed Forces]. Since March, they have joined up with the men of the 7th and 8th Brigade of the Blas Roca Calderio Contingent to complete a mammoth project. They are constructing the infrastructure of the complex: 26 km of storm, sewer and water pipes, as well as telephone and electrical lines.

The company, a FAR contingent, is composed of 84 young recruits who are organized into 3 squads operating the drilling equipment and 1 squad of engineers.

"This task is an honor," said Lieutenant Colonel Felix Varjas Esposito, commander of the company. "We come in order to learn self-denial from the members of the Blas Roca Contingent and to reaffirm that the FAR are also capable of helping with the economic development of the country," he added.

Alcibiades Despaigne, leader of the 7th Brigade of the Blas Roca Contingent, explained the importance of the work of this FAR brigade. They will be charged with the dynamite blasting, something which is indispensible when working in completely rocky terrain "where everything depends on the detonations."

Despaigne pointed out that "the blasting was previously done by an enterprise of Micons [Ministry of Construction], but there were irregularities regarding the timely arrival of the dynamite and difficulties with blasting permits."

"Without doubt, FAR participation in this task is facilitating the work," he added.

It should be emphasized that the soldiers work at the same pace as the experienced Blas Roca Contingent. Furthermore, they have had a fraternal relationship from the beginning.

The leader of the 8th Brigade, Eutimio Gonzalez, also referred to the discipline and industrious spirit of the FAR workers. He asserted that "right now they are already at the level of the Blas Roca Contingent."

Caricom

'Technical Mission' To Present Report on Haiti

FL1506211289 Bridgetown CANA in English 2157 GMT 14 Jun 89

[Text] Nassau, Bahamas, June 14, CANA—A four-man technical mission representing the Caribbean Community (Caricom) has completed an eight-day observation of the situation in troubled Haiti, a statement from the Bahamas Government information service said Wednesday. A report on the visit is to be presented to Caricom heads of government at their meeting in Grenada which starts July 3.

The mission takes on significance since the military government of General Prosper Avril is seeking membership for Haiti in Caricom which groups 13 English-speaking territories in a free trade and cooperation pact. But the non-democratic tradition in Haiti with its recurrent military coups is not favourably viewed by Caricom leaders. The Haitians also are seeking support from the Caricom group in their bid for acceptance in the African, Caribbean, and Pacific [ACP] countries group to benefit from the Lome Trade and Aid Agreement which links the ACP with the European Community.

The mission was at the invitation of the Haitian Government to the 15th meeting of Caricom foreign ministers held last month in St Lucia. Members of the team were the non-resident ambassador of the Bahamas to Haiti, Dr Davidson Hepburn; head of the Department of French and German at the University of the West Indies, Mona, Jamaica, Dr Michael Dash; parliamentary commissioner for St Lucia, Hunter Farncois; and president of the Inter-American Commission for Human Rights and former Barbadian ambassador, Oliver Jackman.

They were assisted in their work by chief of protocol in tne Bahamas Foreign Ministry, Carlton Wright, and Caricom Secretariat foreign affairs officer, Frank Campbell.

Haiti

Election Council Asks Citizens To Be 'Patient'

FL1506164889 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 14 Jun 89

[Text] In a second message to the nation, the Permanent Election Council [KEP], calls on the citizens to be patient regarding the organization of elections in Haiti. The KEP states that it is not that it is unaware of or is disregarding the strong feelings of impatience many of its fellow Haitians have after 3 years of disappointment—3 years during which they have lost almost all their hopes.

The KEP says: We are very much aware of the situation, of how you feel, the way a seriously ill patient or his relatives feel when confronting a doctor who refuses to prescribe medication for the patient before examining or running lab tests on him and maybe even consulting colleagues on the case.

The patient's jangled nerves or the impatience of the relatives cannot, however, push a doctor who is wise, lucid, and concerned for the life of the patient to rush to prescribe medication which instead of curing him (?could) aggravate his condition and perhaps even cause his death.

Jeremie Teachers Striking for Back Pay

FL1506165589 Port-au-Prince Radio Metropole in French 1600 GMT 13 Jun 89

[Report from Jeremie correspondent Ertho Zamor]

[Excerpts] There is a crisis in Jeremie's primary and secondary schools. [passage omitted] Students risk losing the school year because of the irresponsibility that often characterizes things run by the government in Haiti.

There has been a problem between a number of teachers and the Ministry of National Education since last week. According to the teachers, who are on strike, they will not resume work until the education authorities pay them the $100 that Mr Cantave offered them for working with trainees from the teachers training school. [passage omitted]

The departmental inspector [Fritz Joseph] said that 78 primary school teachers at 5 schools in Jeremie are on strike over money. [passage omitted]

The Ministry of National Education owes a total of $39,000 throughout the Grande Anse. [passage omitted]

It is not only the primary schools that have problems. The teachers and substitute teachers at Lycee Nord Alexis in Jeremie have taken a stand against the Ministry of Education because of the 9 months back pay that the ministry owes them. They have issued a press release. [passage omitted]

In their press release they say, if we are not paid immediately, we will not give tests or issue grades for the 3d (?quarter). [passage omitted]

RDC's Volel on Division in Democratic Sector

FL1506204889 Port-au-Prince Radio Nationale in Creole 1300 GMT 15 Jun 89

[Text] Eddy Volel, leader of the RDC, which is the Christian Democratic Assembly, held a news conference yesterday [14 June] on the current Haitian political crisis. Volel said the current political crisis in Haiti is the result of the many mistakes made by authentic Haitian patriots.

Volel said that political groups in Haiti have been exhibiting, for some time now, a certain tendency to sow division among the democratic sector. Mr Volel said he thinks this is due to maneuvering by the executive.

Volel said the RDC deplores these misunderstandings within the democratic sector. Mr Volel stressed the climate of insecurity prevailing throughout Haiti. We will have you listen to RDC leader Eddy Volel.

[Begin Volel recording] Every time there is a division in political groups, in the patriotic democratic organizations, it is the nation that loses out, it is Haitians who lose out.

Thus, we see that there have been many divisions, one after the other, and there are many political groups which, despite the fact that they have not even talked about this, have skillfully avoided certain divisions.

Why are we seeing all these divisions? Because the current government is going around causing all these divisions by going around bad-mouthing people. This is why we are currently seeing all these divisions. It is not (?by accident) that a person working within a given organization suddenly just rises up against the organization or against a certain member of the organization. They have charters, and hold discussions, colloquies, and symposiums. They have always gotten together and discussed the problems together. [end recording]

That was RDC leader Eddy Volel, during a news conference. Volel once again called for the current Haitian Government to resign—so as to allow Haiti to catch a breath, said Volel.

Father Aristide on Catholic Church Hierarchy

FL1506210089 Port-au-Prince Radio Metropole in French 1600 GMT 15 Jun 89

[Excerpts] Father Jean Bertrand Aristide, in a document submitted to the press, has said the Haitian Catholic Church hierarchy is currently in an impasse, after its policy of isolation from the popular movement. The document constitutes a summary of the defense he has presented to Rome, after being excluded from the Salesian Order last December. [passage omitted]

Father Aristide says the hierarchy's gaps today appear insurmountable, and that the hierarchy has shown itself to be incapable of understanding its political role, which is to accompany the Haitian people in their struggle in a positive manner; of changing its idea of authority; of serving rather than governing; of setting aside its privileges; of confessing its inabilities; and of humbly asking for forgiveness.

Father Aristide, who entitles his defense "The True Truth," says the Catholic Church in Haiti seems to be an institution without any real political potential, projected against its will into the post-Duvalier melee and anxious to get back to its chronic Duvalierism.

The document also highlights the political designs of the decision to outst him from the Salesian Order, designs which Father Aristide says are in conformity with Duvalierist and American interests, as well as with the open struggle being waged against the popular church within the Latin American Catholic Church.

Father Aristide also points out the instrumental and decisive role he feels the positions taken by the apostolic nuncio in Haiti, Monsignor Paolo Romeo, played in his exclusion from the Salesian Order. Saying he feels that Romeo's rights are purely ethical and that they are therefore null and void regarding any matter of a religious nature in connection with Father Aristide, Father Aristide writes that the disavowal of an institution becomes a duty when the institution in question sets about knowingly obstructing the progress of the poor, thereby contradicting its genuine mission of liberation.

These are statements by Father Aristide, taken from this document entitled "The True Truth."

* States' Intelligence Networks Described

32480152a Mexico City PROCESO in Spanish No 649, 10 Apr 89 pp 11-13

[Article by Oscar Hinojosa]

[Text] Not a single leaf stirs in this country without the ubiquitous and indiscreet political police knowing about it.

Men with long, sensitive ears and attentive looks make up an army of political and ideological watchdogs who keep an eye on everything that the organizations, groups, and figures whose creed runs counter to the official one do, no matter what the place, day or hour; if necessary, however, they also monitor the regime's own men with the same zeal.

Hundreds of men make up this underground bureaucracy, which is recognized by neither the FSTSE [Trade Unions Federation of Government Workers] nor the CNOP [National Confederation of Popular Organizations] but which unquestionably has a sizable government payroll and is constantly keeping tabs on our most active citizens. They hear and see everything, reporting it immediately to the chiefs of political and police control.

Wherever a group of citizens meets to exercise their constitutional right of assembly, to demonstrate or to petition, there they are, the attentive, punctual emissaries of the indiscreet government. Wherever contingents of workers get together to discuss union or political matters, the men of the political police mingle with them. Wherever students or professors analyze problems of the university or the nation, there are men there keeping their eyes peeled and their ears open because that is what they are paid to do.

There are government-espionage networks, even if rudimentary, homemade, in almost every state in the federation. Several state governments have simple "informants" or "snitches," not highly skilled spies. Others, in contrast, have set up spy networks for bigger purposes and with technological support. Especially in times of agitation or election campaigns and in states with a strong opposition, to govern is to surveil.

There are at least two civilian-espionage groups in those states: the one run by the central government through the Interior Secretariat, and local espionage, of which the Interior Secretariat of each state is in charge. But there are states in which there are more than 10 groups of "informants."

500 Pairs of Eyes in Tabasco

In Tabasco, for example, correspondent Sergio Antonio Reyes reports that civilian-espionage efforts, which range from the traditional "tail" (an individual who follows persons under investigation everywhere) to wiretapping, are handled mainly by the Interior Directorate, although members of the "Operative Echelon" of the state police also conduct these activities.

The practice of "intelligence" as a governmental function has been virtually institutionalized since 1984, the second year of Enrique Gonzalez Pedrero's administration, when the task of political espionage, which no law or regulation authorizes, was assigned to the Interior Directorate.

The apparatus that has been set up for this task in Tabasco is so ostentatious that the current interior director, Victor de la Cruz Romero, who is proud of his 12 years of seniority in the Interior Secretariat, intends to restructure both the activities and the personnel to make them legal.

About 500 people are under the orders of De la Cruz Romero, which makes the Interior Directorate larger than many secretariats of the Tabasco government. Moreover, it has a network of offices in 17 municipality main towns and in the state's major towns.

The employees who are assigned under the budget to the departments of information and government opinion; agricultural, fishing, forestry and statistics assessment; standards and regulations, and research, analysis, and consultation, submit the findings of their unconstitutional investigations so that they can be "dumped" into a computerized system that De la Cruz Romero plans to reinstall, because "they left us only the terminals," he said, referring to the "legacy" of the previous 6-year term.

His predecessor in the job, Francisco Bartilotti Cahero, did not leave him a single file. "We have to start all over," said De la Cruz Romero.

The Interior Directorate's "informants" are practically everywhere. During Gonzalez Pedrero's administration the political-espionage groups kept tabs on each other in Tabasco. The Interior Directorate spied on the Operative Echelon and vice versa.

In states with more than two political-investigation groups it is common for them to spy on each other.

According to PROCESO's correspondent in Tabasco, the Interior Directorate's "informants" are generally recruited from among former student leaders, unemployed professionals, former or current party activists, and reporters. In turn, the Operative Echelon's "informants" are signed up from among its own ranks.

It often happens that the government's "informants" far outnumber the representatives of other groups. Here is one recent case. On 15 March the Union of Journalists of Tabasco organized a media gathering with the Front's former candidate for governor, Andres Manuel Lopez

Obrador. Of the 30 people in attendance 10 were "informants" who did filming, took photographs, and taped the words of the Cardenist politician and the newsmen in attendance.

Microphones in the Culiacan Mayor's Office

In Sinaloa, correspondent Luz Aida Salomon reports, the hundreds of agents of the Interior Directorate have even had Culiacan Mayor Ernesto Millan Escalante under direct surveillance and had his phone tapped during his first year in office.

Millan Escalante obtained evidence in January 1988 that he was under surveillance when he noticed immediate reactions, which would make no sense if he were not being spied on, from the state government after private meetings in city hall offices. In light of this evidence Millan Escalante stopped using the telephone to convey any information that might have political overtones.

Experts in bugging devices discovered hidden microphones in the office of the Culiacan mayor and in the bookcase behind him in the same office, as well as in his home office, correspondent Salomon indicated.

Opposition leaders in Sinaloa contended that the main function of the government's "informants" is to keep the state's executive branch informed about the political and social activities of parties, unions, universities, and religious, business, and news media groups, etc.

In Sinaloa the agency in charge of political spying also has a black history that begins with the administration of Alfonso G. Calderon (1975-80), Gregorio Urias German, a federal deputy from the Democratic Current, and Ramon Villegas Felix, a local congressman, reported.

The Interior Directorate, which during this period was run by Jose de Jesus Calderon Garcia, and members of the Federal Security Directorate (DFS) led by Victor Gomez created the White Brigade, which is responsible so far for the disappearance of some 50 students at the Autonomous University of Sinaloa and Culiacan Technological, the two legislators reported.

As elsewhere, the hundreds of agents of Sinaloa's Interior Secretariat are in charge of putting together files on political leaders (both from the opposition and PRI [Institutional Revolutionary Party]) and leaders of business, labor, religious, and other organizations. As elsewhere, the political parties know from direct experience that their movements are being watched by government agents.

Brazen Spying in Guerrero

In Guerrero, according to a report from correspondent Andres Campuzano, political spying is done by the Directorate of National Security (Interior Secretariat), the state Interior Secretariat, the judicial police, and PRI.

As is the case in most states, espionage in Guerrero is conducted primarily in the largest cities: Chilpancingo, Acapulco, Iguala, Zihuatanejo, and Ciudad Altamirano.

National Security agents normally do not carry credentials from that agency and usually pose as newsmen. There are still some novice leaders who believe them.

Under the command of Air Force Captain Roberto Aguayo Mancera, the agents of the federal Interior Secretariat phone in the information they have gathered to the Underdirectorate of Investigation and Foreign Information, which submits it to senior officials, depending on the importance of the report. The head of the Interior Secretariat, Capt Fernando Gutierrez Barrios, retired, receives the information that is classified as most important.

PMS [Mexican Socialist Party] leader Efrain Bermudez indicated that spying in the capital of Guerrero "is very brazen." During Cuauhtemoc Cardenas' most recent visit to the state, federal and state government agents were not at all discreet in taking photographs of and filming all of the activities that went on around the former presidential candidate. "They acted as if they owned the place," he said.

Mexico, Oaxaca, Morelos

The government's spy service in the State of Mexico has some 500 members divided into 5 groups that are in charge of keeping tabs on all political activity.

The Interior Secretariat currently has close to 100 "informants" in the State of Mexico, and they are particularly interested in monitoring the political activities of groups in the Cuautitlan-Texcoco valley.

State of Mexico newsmen who work in various circles feel that government-espionage activities are conducted mainly in the districts in which the Cardenas movement received substantial support or in areas of ongoing political activity. Naucalpan, Nezahualcoyotl, and the Chalco Valley are the priority concerns of the federal Interior Secretariat's men.

The Interior Directorate of the State of Mexico has more than 100 agents at its disposal. Nonetheless, its spy network recently underwent improvements. Emilio Chauyfett Chemor, the state interior secretary, decided to create an office with academic pretensions, the Department of Information and Analysis (DIA), which began operating in the second quarter of 1988.

The functions of this new office are still unknown, but its creation is attributed to the crumbling of the same government's previous network of "informants," when several "political investigation" agents joined a policemen's movement that created a trade union association and then issued economic and social demands.

The DIA agents, who are scattered all over the State of Mexico, even spy on policemen, besides their traditional or routine targets: demonstrations, rallies, press conferences, etc.

Some Mexico State newsmen expressed uneasiness about the proliferation of political-surveillance agencies. PRI recently put Sergio Laguna in charge of setting up a system to keep close tabs on the opposition.

Whether they are governors who have reputations as populists or as technocrats, they all have their political-investigation groups, some more ostentatious, some more refined than others.

In Oaxaca, Governor Heladio Ramirez Lopez has two political-surveillance groups that have no special identification, correspondent Isidoro Yescas reports.

The first group, which consists of no more than five judicial police agents, reports daily on any movement by opposition political parties and independent organizations to its director, Lieutenant Colonel Manuel Hernandez, and to Assistant Director Fernando Eligio Gonzalez. The latter, who is personally close to Heladio, is in charge of submitting the daily reports to the offices of the Oaxaca chief executive.

The other group, which consists of members of the preventive police, discharges the same functions as the group of judicial policemen, except that the findings of their inquiries are submitted to the secretary general of the interior, Ildefonso Zorrilla Cuevas, and to other agencies.

But not everything is discreet in Ramirez Lopez' administration. A women's shock group has tarnished Heladio's populist image during at least two major political rallies. In June 1988, so-called Brute Force of the Isthmus (FBI), which consists of some 20 burly women from the isthmus, beat up teachers from Section 32 of the teachers union who were boycotting a political rally for candidate Carlos Salinas. Sponsored and directed by the mayor of Tehuantepec, Bernardino Betanzos, the FBI women took it upon themselves in October 1988 to prevent PAN [National Action Party] deputies from questioning Governor Ramirez Lopez about his second government report.

According to reports from local newsmen whom PROCESO interviewed, "informant" work is done in Morelos, with a greater or lesser degree of skill and technique, by (in addition to the federal and state Interior Secretariats) the Office of the President of the Republic, the Secretariat of National Defense, the Interior Directorate [as published], the governor's office [secretaria particular], the state judicial police, the preventive police, the transit police, PRI, the Chamber of Deputies, the CNOP, and the Directorate of Social Communication.

Specializing in Telephones

In some states the number of political-investigation agents equals the number of municipalities. In Veracruz, for example, there are 207 agents under the federal Interior Secretariat, 1 for each municipality in the state. The state Interior Secretariat, on the other hand, assigns this task to one agent (regional coordinator is one of the euphemisms for him) for every four municipalities, correspondent Mussio Cardenas reports.

In Nuevo Leon, correspondent Luis Angel Garza reports, besides the federal agents (Interior and National Defense, who concern themselves above all with specific information), there are the "informants" of the state police forces, one of which, the one under the Directorate of Public Security of the State, has brought women into political espionage work.

It is a widespread practice for the "investigators" to portray themselves as newsmen. In some cases, as in Chiapas, the "informers" try to secure the status of reporters by publishing poorly written articles every so often in newspapers of precarious existence, correspondent Juan Balboa reports.

Besides their human "informants," the government's surveillance agencies have "technological spies," which play a significant role during periods of intense political activity.

In July 1987, for example, reporters Gamaliel Linares and Vicente Jaime of the weekly magazine AHORA of Chihuahua discovered a house in which "National Security Directorate agents tapped and recorded, minute by minute, day and night, the telephone conversations of people whom the Mexican Government felt had to be kept track of."

According to technicians from the Mexican Telephone Company, which arranges for these illegal operations, "the cable that feeds that house has the capacity to absorb no fewer than 30 different lines of every digit in the town."

AHORA was able to establish that PAN, the government's most dangerous rival in the state, and even the U.S. Consulate in Ciudad Juarez were on the list of private individuals and organizations being bugged.

Individuals involved in the internal operations of the Interior Secretariat revealed to AHORA that opposition leaders are not the only ones whose phones are tapped. "Close tabs are also kept on the mayor and the governor," they told the Chihuahua weekly.

They also disclosed to AHORA:

"At election time the Interior Secretariat stops fooling around. The bugging is done directly from the offices at the exchanges of the Telephone Company in 8-hour shifts and with people from Mexico City."

* Lajous on Government View of Teachers' Union

32480152b Mexico City EXCELSIOR in Spanish 28 Apr 89 pp 7-A, 8-A

[Adrian Lajous Commentary: "Controlling the Teachers; Pillar of the System"]

[Text] Many people are wondering why the government insisted on keeping Jonguitud until 200,000 teachers rose up against him in the streets of the capital, it being clear that they represented only the tip of the proverbial iceberg. They are also wondering: Why did the government replace him so hastily with a women professor from the same team instead of allowing the teachers to finally choose their own leader? There is a reason, be it good or bad, for everything. Let's take a look.

I have already noted in these pages that the Mexican political system itself is made up of the labor movement and, most prominently, by the the three major unions: the teachers, the bureaucrats, and the oil workers, in that order of importance.

The teachers' union is not only the largest in the country (some 900,000 members) but also the most useful politically. Many of the presidents and secretaries who every 3 years are in charge of the polling places and draw up the tally sheets come from there. Many of the people who attend official political rallies are from its ranks. And when control of this union and its affiliates is lost, as happened in Othon Salazar's day and as is happening now, the regime's most dangerous enemies come from there.

The government has therefore always fought to control them and keep them in a single organization. Since they are very politicized and many of them have a heavy ideological slant, the government fears that the teachers will split into 32 state unions or, what would be the same thing, 32 new political parties, each with its own agenda. It would be very difficult, first of all, to find 32 capable leaders who, moreover, would be willing to be co-opted and then to impose them, one by one, on each union. If just two or three got out of control, the others would then have to ask for the same thing as the pacesetters.

Thus, when the government finds an intelligent man who is brave, clever, crafty, and absolutely unscrupulous, like Jonguitud, it pampers him, tolerates his corruption, and tries to perpetuate him in power, until the breaking point is reached, as happened last week.

When a leader comes to believe that he is really in power for life, he becomes giddy and goes to extremes that offset his usefulness to the system. La Quina, for example, came to feel that he was more powerful than the government itself. Jonguitud was not far behind. Nevertheless, the government still found him useful in the struggle to contain the teachers' wage demands.

It was precisely this, however, that caused the teachers to become exasperated. The 17 years of his ironhanded dictatorship annoyed them quite a bit. When they saw during the battle over wage grievances that he was representing the government more than he was them, their irritation at Jonguitud turned into hatred. He thus became part of the problem instead of part of the solution. It was now better to throw him out than to keep him. But he is not, therefore, going to hand over "his" union to the opposition.

The government is now faced with two problems, one political and another economic. Its back is against the wall and, even though it does not want to, it could give in on the first issue, the demand for union democracy, but this would probably make it impossible for the government to stand firm on the second issue, restraining wages. Any leader elected in these emotional times would have to fight for a major wage hike. And from the standpoint of the teachers, he would be altogether in the right.

The brunt of the economic crisis has fallen mainly on wage earners, as the real pay of all has declined drastically. But the teachers have had to bear a disproportionate share of the burden. Last week the Standing Commission of the Congress of the Union asserted, without anyone contradicting it, that during the 6-year term that has just ended the real wages of teachers fell from 2.5 to 1.3 times the minimum wage. For the teachers then, it did not just rain; it poured.

But justice for the teachers is one thing, and the battle against inflation is another. If the government granted teachers a 50 percent boost or more, which they well deserve, it would be opening up the floodgate that is holding back the torrent of wage-hike demands by all of the country's workers. The pact would be history. Hyperinflation would be back.

In essence Mexico is on the horns of an insoluble dilemma, because the opponents in this conflict, the government and the teachers, are both right. The government seeks to resolve the dilemma step by step by doing away with inflation this year and, if everything turns out, gradually raising the living standard of the workers as of next year. The teachers say that they have been hearing the same promise for 6 years and that they want a reasonable wage right now.

For those of us who are watching the bullfight from the stands it is easy to demand absolute democracy and social justice right away, without gauging the consequences. For those who are doing the fighting in the arena, in contrast, it is not that easy to let the bulls decide whether they want to gore them.

* Buendia Case Drug Suspicions Strengthened

32480147 Mexico City EXCELSIOR in Spanish 18 Apr 89 pp 4-A, 35-A

[Article by Rogelio Hernandez Lopez]

[Text] The Office of the Special Prosecutor handling the Buendia case has had one of its "prime suspicions" strengthened, to wit, that the crime was committed to prevent the exposure of officials and police officers working in collusion with narcotics traffickers. Following the arrest of the former director of the Sinaloa Judicial Police, Eduardo Moreno Espinosa, it was revealed that the latter had close connections with Jose Antonio Zorrilla Perez, last director of the now defunct Federal Security Directorate [DFS], and Victor Gomez, alias "El Gringo," then deputy director of the Special Brigade and possibly the person who helped the killer of the journalist escape on a motorcycle.

Zorrilla Perez is again being sought by the Office of Special Deputy Attorney General of the Republic in connection with its investigation into the killing of Manuel Buendia, which took place 45 days short of 5 years ago. Any further statements by the former police official would now be related to the development and boom of drug trafficking and the involvement of high officials and many staff members during his administration of the now defunct agency.

Staff members in the Office of Attorney General of the Republic, the Office of Attorney General of the Federal District, and the Office of the Special Prosecutor under Miguel Angel Garcia Dominguez are now exchanging information about the DFS when headed by Zorrilla Perez. The Special Prosecutor's office has already begun its search for the former candidate for federal deputy for the Institutional Revolutionary Party [PRI] in order to ask him "to expand upon remarks he made in April 1988."

Files of the Office of Special Prosecutor support suspicions connecting agents of the former DFS and its last director with Buendia's killing. Among these elements are statements by eye witnesses to the effect that "a second individual with a motorcycle was posted a block from the place of the crime on that day of 30 May in order to aid in and speed up the escape."

These same documents contain statements by a number of former Directorate agents claiming to know that at the Plaza de la Republica facilities, several motorcycles matching the description were commonly used and that one of the best drivers was Victor Gomez, alias "El Gringo." He was then third in command of the so-called Special Brigade, and is now head of the Sinaloa Government Department of Regulations and a close friend of Eduardo Moreno Espinosa, who is head of the Judicial Police of that region and was recently arrested along with Miguel Angel Felix Gallardo.

The hypothetical "El Gringo connection" is based on several factors, in particular, confirmed information to the effect that on the afternoon of 30 May, he did not call the roll as he was required to do. Rather, he requested permission to use one of the motorcycles and subsequently did not regularly attend, reporting that he had been injured "in a motorcycle accident." In addition, since Moreno Espinosa was head of the special brigade, the ties between the two grew even stronger.

Narcotics Police

Documents of the Office of Special Prosecutor assigned to the Buendia case show sufficient data, investigated by staff members or collected from other sources, proving "the high degree to which the DFS had become identified with the description of narcotics police," revealed as early as February 1985 with the killing of Enrique Camarena Salazar. During the period of Manuel Buendia's murder, this was rumored but not reported by journalists as openly as it is now.

Documents refer to the most noteworthy cases of DFS agents in high posts in the office, and their ties with narcotics trafficking have been verified. They mention Tomas Morlett, head of the Directorate in part of the southeastern region based in Oaxaca, killed in February 1987 as he was trying to claim a load of drugs he had personally sent from Chiapas.

They also note that Rafael Chao, former head of the DFS in the northeastern zone, Rafael Aguilar in the northwest, Daniel Acuna in the two Baja Californias, Castell del Oro and Rogelio Munoz in Bajio, all now retired from the DFS and involved in drug trafficking, according to documents of the Office of Special Prosecutor, were regular visitors to the offices of Zorrilla Perez at the Directorate.

However, in addition to his connections with "the narcotics police," new investigations of Zorrilla Perez will have to clear up seven major riddles relating to the Buendia case, riddles which the Special Prosecutor's office keeps as questions in its files: "The order from Jose Antonio Zorrilla to the effect that DFS agents from the investigations and analysis section were to follow Manuel Buendia as 'caretakers' for several weeks, until 10 May 1984, and how the daily reports filed by such agents were used;

"The fact that the plane called 'El Tigre,' assigned to the DFS and belonging to the Interior Secretariat, was the one used on 30 May 1984 to fly the son of Gerhard Goerg Mertins, Antonio Leano's driver and a high official of that agency from Guadalajara to Mexico City; The first two stayed at the President Chapultepec Hotel that same day.

"The fact that the early DFS raid of the place of the killing and its manner of proceeding comprised the main technical obstacle to the completion of correct investigations by the Office of Attorney General in the capital;

"The fact that DFS searches were initiated and lasted over 6 months without formal instructions from any higher authority until Zorrilla Perez left the directorship;

"The fact that throughout this entire period of time, the Office of Attorney General in the capital was never officially informed, to say nothing of the public;

"The fact that efforts of Judicial Police investigators in the Federal District were hindered whenever they clashed with the work of the DFS."

In addition, Zorrilla Perez would also have to explain why, even after the DFS disappeared, the judicial structure in the capital did in fact continue to refuse to investigate all leads pointing to the DFS and, additionally, the fact that files containing all information and evidence gathered by federal agents were apparently frozen for 2 years, until they were turned directly over to Deputy Attorney General Garcia Dominguez in February 1987.

All of this and more must be clarified as part of the prime suspicions of the Office of Special Prosecutor connecting the Jose Antonio Zorrilla Perez file with narcotics trafficking and narcotics police files. The fifth anniversary of the crime against the reporter is approaching and to date, nothing more than suspicions, albeit very strong, have emerged from official investigations.

* Felix Gallardo, Beteta Connection Charged

32480155 Mexico City PROCESO in Spanish No 654, 15 May 89 pp 18-19, 21

[Article by Fernando Ortega Pizarro]

[Text] When Mario Ramon Beteta was general manager of the Banco Mexicano Somex, drug trafficker Felix Gallardo and his financial right-hand man, Tomas Valles Corral, became board members of and shareholders in the institution's Northern Regional Center, which covers the states of Chihuahua and Sonora, in 1979. When Mario Ramon Beteta left the bank in December 1982, the two drug traffickers also left, according to the Financial Yearbook of Mexico, which is published by the Mexican Association of Banks.

Besides the general manager, the bank's Board of Directors also approved their appointments at the time. In 1979 the board was made up of its chairman, Mario Ramon Beteta, a former director of Pemex and today the governor of the State of Mexico; and by members Jesus Silva Herzog, Sergio Garcia Ramirez, Jorge Tamayo, Gustavo Romero Kolbeck, Jorge Espinosa de los Reyes, Octavio Hernandez, Jorge Laris Casillas, Emilio Carrillo Gamboa, Alfredo A. Luengas Garibay, Angel Lozada, Prudencio Lopez Martinez, Antonio Cue Loizaga, Agustin Levy Villegas, Francisco Madero Herrera, Jorge Garibay Romanilos, Bernardo Quintana, and Antonio Sacristan Colas. Among the alternate members were Miguel Mancera Aguayo, Ernesto Marcos Giacoman, and Saturnino Suarez Fernandez. Regular member: Carlos Salinas Gutierrez, and secretary: Adolfo Hegewish.

Under the Law of Credit Institutions and Auxiliary Organization in force at the time, the two appointments were reported to the Finance Secretariat, whose head was David Ibarra Munoz; to the National Banking Commission, chaired by Enrique Creel de la Barra, and to the Bank of Mexico, which was being run by Gustavo Romero Kolbeck.

Last week Mario Ramon Beteta asserted that while he was general manager of the Banco Mexicano Somex (BMS), "I didn't even know Felix Gallardo existed" and, nonetheless, that his relationship with him was "remote." Back then, he explained to the 20 Women and 1 Man Group, "I couldn't even find out his particulars, much less do investigations that took the federal government 10 years."

In spite of the popularity that Felix enjoyed at the time as a drug trafficker, an arrest warrant had been issued for heroin and cocaine trafficking in Tijuana as early as 1976. The case lasted 4 years, and his accuser, Jaime Torres Espinosa, who was then assistant coordinator of the campaign against drug trafficking, inexplicably dropped it in 1980. In 1985 Torres Espinosa was circuit delegate of the PGR [Office of the Attorney General of the Republic] in Tijuana.

Mario Ramon Beteta continued:

"There were no doubt other undesirable people, like Mr Felix Gallardo, on the boards of directors of the banks in the states, but it was not my obligation nor was I able to check on the members of the boards or the major clients of all the banks in the states that were part of those that were going to merge with Somex. So the relationship is so remote that I didn't even know he existed, and even if I had known that there was a gentleman named Felix Gallardo in a bank, it would have made the same impression on me if he were Mr Juan Perez Gutierrez."

In 1985, "the biggest money-laundering operation that we know of" (some $8 million in 1985) was detected in Somex; Phillip Jordan, a DEA [Drug Enforcement Administration] agent in El Paso, Texas, made the statement that year. The money laundering took place a year before Beteta left and was handled by Mardoqueo Alfaro Margarino, who was credit manager in Chihuahua. In November 1982, a month before Mario Ramon Beteta left his post, Miguel Angel Matas Martinez, who was the institution's regional director in Chihuahua at the time, was sent to jail for laundering money and for making Miguel Angel Felix Gallardo and Tomas Valles Corral board members and shareholders. Several years later Matas Martinez was acquitted.

While still in jail, Matas Martinez asserted that he was being made a scapegoat and made these disclosures in 1985 (PROCESO 439):

"During the time that I served as regional executive director of the Banco Mexicano Somex (Chihuahua), 1979 to 1982, Messrs Tomas Valles Corral and Miguel Angel Felix Gallardo were major shareholders of the bank and prominent customers nationwide. In fact, they were appointed to the Board of Directors of the Banco Mexicano Somex by the board itself, which invariably meets in Mexico City, D.F. At no time did this circumstance depend on my personal decision or intervention, as the individuals in question were, I repeat, major shareholders and important customers of the aforementioned bank."

Matas Martinez' statements are confirmed by what the Law of Credit Institutions and Auxiliary Organizations said about the regulations for establishing and operating full-service banks. In 1979, when Felix Gallardo and Valles Corral became board members and shareholders, the institution adopted the name Banco Mexicano Somex, as it merged with the Banco Mexicano S.A. along with 11 other banks. In other words, it became a full-service bank, with a majority of government capital.

Under the law, "the institutions interested (in operating as full-service banks) shall submit an application to the Secretariat of Finance and Public Credit, with a copy to the National Banking Commission and to the Bank of Mexico, attaching a draft of the resolutions of the shareholders meetings concerning the mergers leading to the establishment of the full-service bank...a report on the name and main activities of the shareholder or group of shareholders that is going to control the proposed full-service bank, as well as on the character and technical capacity of its managers, and drafts of the documents in which they propose to formalize the judicial acts leading to the respective mergers."

The federal government, the law said, reserved the right to appoint the majority of the Board of Directors or of the board of governors [junta directiva] and to approve or veto any resolutions that the shareholders meeting or the board might adopt.

Two major officials who were with Mario Ramon Beteta in the Banco Mexicano Somex were Luis Antonio Chico Pardo and Armando Beteta, his brother. Both were implicated in the 1981 money laundering with which Miguel Angel Matas Martinez was charged. Luis Antonio Chico Pardo was chairman of the board of the Northern Regional Center of the BMS, and Armando Beteta was a board member during the 3 years that Felix Gallardo and Tomas Valles Corral were also on the board, according to the Financial Yearbook of Mexico.

Luis Antonio Chico Pardo later became general manager of the Mortgage Bond Bank (BCH), where he allegedly committed a 13-billion peso fraud, along with other bank officials, fleeing afterwards with his family. In April 1989, at the request of the Finance Secretariat, the Office of the Attorney General of the Republic began an investigation into the trafficking of controlled dollars through the BCH, loans to companies owned by bank officials, and the illicit manipulation of swaps.

For 5 years up to 1985, Tomas Valles Corral was a recognized and prestigious financier; he dealt only with bank directors and was sought after for his sizable investments by lending institutions, even after they were nationalized.

Valles Corral (whose whereabouts are unknown) began as manager of the Cuernavaca, Morelos branch of the Banco Comercial Mexicano (now Multibanco Comermex). He was later a director of the Banco del Sol, which merged with Arcadio Valenzuela's Banco del Pacifico; Valenzuela was a partner of the Cordero Stauffer brothers, who were accused of laundering drug-trafficking money. At the Banco del Pacifico (Banpacifico) Valles Corral was a corporate director. Later, along with Miguel Angel Felix Gallardo, he became a board member of the Banco Mexicano Somex of Chihuahua (the U.S. authorities froze $8 million, which was from money laundering, that Mardoqueo Alfaro Margarino, the institution's credit manager, had in Texas bank accounts that named Valles Corral as a beneficiary). When the banks were nationalized, he became a board member of Credito Mexicano de Guadalajara and Multibanco Comermex.

Bankers, businessmen, and government officials rub elbows with drug traffickers.

When Felix Gallardo was captured, it was learned that Valles Corral was from Chihuahua, where he had ties with most big businessmen, such as Eloy Vallina, a former main shareholder and president of Multibanco Comermex when it was privately owned. This bank's Plaza del Sol branch in Guadalajara, Jalisco handled the accounts of Rafael Caro Quintero, Ernesto Fonseca, Felix Gallardo, and the Honduran Jose Ramon Mata Ballesteros.

In this branch, according to case 103-89, which is being pursued against Felix Gallardo, German Harper Peraza was a colleague of Valles Corral, who was also a hotelkeeper and builder, besides being Felix Gallardo's financial right-hand man. Harper had direct contact with the border, especially Tijuana, so that he could engage in dollar transactions that did not go into the bank's accounting books. Estimates are that they totaled 7 billion pesos.

By 1985 the PGR had discovered an operation that trafficked in controlled dollars through Banamex, Banco Internacional, Multibanco Comermex, Brancreser, Bancomer, Serfin, Banpais, Banco del Atlantico, BCH, Banca Cremi, Banoro, and Nafinsa. The Banco Mexicano Somex and Credito Mexicano were the institutions through which the largest amounts of controlled dollars for fraudulent purposes were channeled; the attorney general at the time, Sergio Garcia Ramirez, described this as "an act of treason."

The fraud amounted to some $2 billion and consisted of setting up fictitious import companies to acquire controlled dollars, which were then sold, at a sizable profit, in the exchange offices in San Ysidro and Tijuana.

The scandal erupted in early May 1985, when Roberto Medina was arrested by Jaime Torres Espinosa, the PGR's circuit delegate in the Northeast Zone in Tijuana, where he was assistant coordinator of the campaign against drugs in 1976. He and coordinator Aaron Juarez Jimenez had prevented Felix Gallardo from going to jail in 1980 for cocaine and heroin trafficking when they dropped the charges filed against him.

Roberto Medina was charged in Mexicali with obtaining $4 million controlled dollars, which were exchanged in San Ysidro, California. The PGR reported that Medina was a front man for "big-time 'sacadolares'" [people who take dollars out of Mexico], whose names it did not disclose. Implicated in the fraud was Pietro de la Greca, one of the owners of "PL Money Exchange" in San Ysidro, who claimed that Jaime Torres Espinosa made Roberto Medina "sign some statements in which he mentions my name and address" so as to compromise him.

The banks, then, have been useful for the many transactions that the drug traffickers conduct. Many of these institutions, which are "prototypes" of social respectability and have equally well respected executives, are involved in money laundering, the Institute of Penal Sciences, which is under the PGR, acknowledged in 1987.

The federal government recently reported that one of its high priorities is to move against the financial transactions of drug traffickers. The profits from drug dealing are in many cases invested in legal businesses in Mexico.

Some of those implicated in the scandal are washing their hands of the matter, in spite of the overwhelming evidence about the track record of these "narcobankers." And not just Mario Ramon Beteta. The National Banking Commission, which was chaired during Lopez Portillo's term by Enrique Creel de la Barra, was supposed to know about the appointment and removal of Felix Gallardo and Tomas Valles Corral as board members and shareholders of the Northern Regional Center of the BMS.

Creel de la Barra said in this regard:

"I don't have the data. The minutes are filed with the Banking Commission. The banks sent us only the names of the board members. If something unfavorable was found in a board member's past, the commission could exercise its veto power. I don't remember whether the case of Felix Gallardo and Tomas Valles Corral was submitted to us. The commission has that information. I don't recall. We performed our oversight on the basis of the annual reports from the banks, not the minutes of the meetings of the boards of directors. The board members of a regional center engaged in less oversight than the boards of a parent institution."

Alfredo Luengas Garibay was a board member of the BMS when the drug traffickers were appointed shareholders and board members. Today he chairs the National Banking Commission, but declined to meet with PROCESO. He was then asked a question in writing: During the time that you were on the board of Banco Mexicano Somex, were you able to learn who approved and then withdrew the appointment of drug traffickers as board members? His reply was: "I have no information in that regard. I'm sorry."

An attempt was made to consult the minutes of the meetings of the board at the time, but no authorization was forthcoming. The divisional director of regional banking of the BMS, Raul Tamayo, said that there is no record of those appointments, nor are there admissions and dismissals. Moreover, those appointments were made by the Northern Regional Center, and the national Board of Directors is not "necessarily" involved.

According to the Financial Yearbook of Mexico, Julio Rodolfo Moctezuma Cid was the chairman of the board of the Northern Regional Center of the BMS in 1983 when elections to the board were held, and neither Felix Gallardo nor Valles Corral was around any more. We sought out Moctezuma Cid to ask him about the drug traffickers and the charges of money laundering that arose in 1985. His former coordinator of information at the BMS, Hero Rodriguez Neuman, said that "neither of the two was around as a board member when Moctezuma Cid joined Banco Mexicano Somex in December 1982."

Meanwhile, on 8 April the PGR reported that the narcotics squad had arrested Aurelio Osuna Lopez, the manager of the Cruz de Elota municipality branch of Banca Somex, in Sinaloa for using bank money to deal heroin and cocaine and to plant and grow narcotics. He is suspected of having ties with Colombian drug traffickers.

* Cabinet Members' Ties to Drug Trade Suspected

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[Article by Walter Lopez K.]

members of Carlos Salinas de Gortari's team are suspected of having close connections with the large-scale drug traffic: Jorge de la Vega Dominguez, ex-governor of Chiapas, ex-chairman of the PRI [Institutional Revolutionary Party] National Executive Committee, and secretary of Agriculture and Water Resources; Victor Cervera Pacheco, former acting governor of Yucatan, and secretary of Agrarian Reform; Samuel Ocana Garcia, ex-governor of Sonora, and SRA [Secretariat of Agrarian Reform] undersecretary; and Enrique Alvarez del Castillo, ex-governor of Jalisco, and holder of the Office of the Attorney General of the Republic [PGR].

All of these cases, whether combined or isolated, and particularly those involving Ocana Garcia and Alvarez del Castillo, raise doubts about Salinas' actions against illicit drug production and marketing. This warrants the claim that, with an act such as the capture of Miguel Angel Felix Gallardo, a government lacking popular support could be pleasing the American public and government by removing yesterday's drug traffickers, who could not prevent the "business" from becoming scandalous and gory, continuing to tarnish PRI's image further still (if possible), so as to return the waters to "peaceful" channels and hence also to prevent people from having reason to repudiate the government. Anything is possible, except convincing people that an attempt is being made to eliminate the problem at its roots, at least until there is a thorough investigation of the liability that may be borne by each of the aforementioned public servants(?) and by many others on all levels who are filling their pockets by exploiting the vices of millions of human beings of all ages.

Let's see:

In early April, the PAN [National Action Party] state congressman, Adalberto "El Pelon" Rosas Lopez, publicly charged that Jorge de la Vega Dominguez was making frequent trips to Caborca, Sonora (the Caro Quinteros' territory), allegedly to go hunting wild yearling sheep, taking advantage of the travel to visit the El Pifas farm owned by Epifanio Leon, where he met with individuals linked to the drug traffic as well as local government officials. Recently, during one of the agriculture secretary's visits, after a cockfight and drinking at El Pifas, six persons who had been present were massacred.

The incident took place under unclear conditions, with no state official willing to take part in its investigation and no intervention by federal authorities in the matter to date. On this subject, the PAN congressman Francisco Javier Pavlovich Robles told the press that the state attorney had remarked that the drug traffic's hand was discerned in the case, and therefore he considered himself disqualified to intervene: the same position as that assumed by the Sonora judicial police.

Adalberto Rosas, for his part, explained that Epifanio Leon had, through Jorge de la Vega Dominguez, obtained the Caborca mayor's position for Carlos Figueroa Sanmartin, who was also on the farm at the gathering of drug traffickers and public officials on the day of the massacre.

The same local legislator underscored the obvious government-drug traffic connection, noting that, during at least the last two electoral contests, drug traffickers had financed the PRI candidates' campaigns, including the federal and state drives that ended on 6 July 1988. They also mobilized gunmen to intimidate voters, rob the polls, and loot ballot boxes in situations that were unfavorable for PRI. Is it clear?

As if the foregoing were not enough, Adalberto Rosas provided further evidence to prove the connections between the PRI, headed by Jorge de la Vega, and the drug traffickers: "During the last elections (6 July) 'Operation Handyman' was set up to ensure the PRI victory; the one in charge of this operation was the then director of the State Police Academy. That individual was recently arrested for cocaine possession; in principle, he was placed at the disposal of the authorities, but it is doubtful that he will be indicted." (ROTATIVO, 4 April 1989, p 5).

As for seeking a clue to compile his narco record properly, Pavlovich Robles commented: "When Samuel Ocana was governor of Sonora its crime rates increased, specifically for drug-related crimes. Now he has been rewarded with the position of undersecretary of Agrarian Reform; so you can see where it would be advisable to open the investigation."

And, because Sonora and Samuel Ocana Garcia are involved, recent investigations by POR ESTO! made it possible to find a major drug distribution network operating with Hermosillo as its base, and extending at least as far as San Francisco, California. It is apparently headed by an individual of Chinese descent, named Fernando Choo, owner of the Ho-Wa Restaurant, used for this purpose and located on Rosales Avenue, very close to the headquarters of the three branches of state government, facing the famous Cerro de la Campana [Bell Hill].

On that headland, in one of whose adjoining "colonias" [urban communities] there once lived the simultaneously legendary and historical Yaqui Cajeme, in what is now known as Barrio de las Pilas, it is known that there are "safe houses" utilized for this "Chinese connection." These houses are also quite often used to house persons of the Asian race arriving from San Francisco and other locations on the U.S. Pacific Coast, who are employed for drug trafficking and are "nationalized" as Mexicans, forging the necessary documentation or else using birth certificates of persons already deceased.

Another major drug trafficking connection is known to have been operating for years through the South Sonora Fishing Industry's Regional Federation of Cooperative Associations, now controlled again, as its president, by the fishermen's "cacique" and mayor of Guaymas, Florentino Lopez Tapia. The latter once more has the "honor" of seeing, for the umpteenth time, his chief aide, an individual with the surname Del Valle Tinoco, and another of his associates, Alcala, being held in Ciudad Obregon by the Federal Judicial Police, after having been caught about a month ago with cocaine in their possession. Even the DEA has been investigating the use of the cooperative infrastructure (boats, packing and freezing plants, warehouses, and refrigerated trucks), primarily for cocaine trafficking. On several occasions "bales" of up to 2 kg of coca have been discovered in the mobile cold-storage vehicles carrying shrimp to the United States, concealed among those with the same appearance and weight containing the crustaceans. But, as usual, nothing has happened; the topic of conversation and the fearless official investigations are concentrated on the Caro Quinteros and Fonseca Carrillos, and on Miguel Angel Felix Gallardo.

As for Samuel Ocana Garcia, it is public knowledge that, in an attempt to obliterate his liability for drug production and trafficking, during late 1986 his brother, Gilberto, with the same surnames, was arrested and remanded, whereas it was the former who, while governor of Sonora, opened the state's fields and mountain areas for growing poppies and marijuana. He used his own judicial police chief, Carlos Roman Vega, and his subordinates, to provide protection for the Mafia members and to guard the crops.

The well known Sonora journalist, Mario Rivas Hernandez, editor of the weekly HECHOS, has given public testimony that, under the Ocana government, Sonora became the new enclave of violence and terrorism that are now a devastating reality. Drug growing and trafficking increased with the then governor's tacit approval.

The towns of Caborca, Agua Prieta, San Luis Rio Colorado, Guaymas, and Ciudad Obregon, to mention only these, are currently shaken by the legacy of terrorism and drugs left to them by Ocana Garcia, which the current governor, Rodolfo Felix Valdez, has proven incapable of combating. The problem far exceeds the state's potential, and the federal government is preparing to come to its assistance with a large volume of human and economic resources. Now we'll see whether or not drugs continue to be smuggled into the United States from Sonora, as well as from Baja California Norte or Tamaulipas.

In Nos 280, 281, and 283 of POR ESTO! there were reports of small- and large-scale narcos operating in Sonora and carrying on their business successfully without anyone bothering them. They include Americans such as the son-in-law of the Johnny Walker company tycoon, the so-called Elton Heston, who should be investigated, at least so as to return the money to his cousins in the north from Bahia de Kino.

Another case involves Victor Cervera Pacheco who, as acting governor of Yucatan, watched the drug traffic in that peninsular state flourish without lifting a finger to curb it, and publicly contradicted the then national defense secretary, General Juan Arevalo Gardoqui, claiming that there were no drug plantations on that peninsula when the military chief disclosed that there were.

As governor, Cervera Pacheco, who has taken as second on board in the SRA none other than Ocana Garcia (can he deny knowing about his subordinate's background?), nevertheless had to contend with Jorge Ortega Rosado, the PGR representative in Yucatan for over 26 years who, during all that time, never arrested a Mafia "capo" but did, on the other hand, provide protection for smugglers of all kinds. Moreover, as agrarian reform secretary, Cervera is not unaware of the fact that large expanses of ejido [Indian community-held] farmlands in Oaxaca, Hidalgo, Chiapas, Veracruz, Guerrero (and where else not?) are devoted to drug planting and cultivation. Do you want details? Ask Samuel Ocana Garcia about the fields in his native Aribechi.

So as not to make this list endless, by mentioning Antonio Toledo Corro, Sanchez Celis, Pedro Vazquez Colmenares, Victoria Adato, the fugitive Leon Bejarano, and so many other prominent, unforgettable PRI members, let's try to find out what Attorney General Enrique Alvarez del Castillo did during the years that he governed Jalisco, having as a known and acknowledged neighbor the dreadful Miguel Angel Felix Gallardo, as well as the Cordero Stauffers, and several others, without any concern for the fact that the state and, specifically Guadalajara, had at that time become an international stronghold of the drug traffic, where the now imprisoned "godfather" of Rafael Caro Quintero and Ernesto Fonseca Carrillo was operating freely.

In statements made to the news media recently, after the notorious criminal's capture, Alvarez del Castillo admitted having known him, but did not explain why he had never acted to curb his activities, or even to arrest him. Why? And, to leave up in the air another question the answer to which would be equally revealing: Why is the PGR trying to make us believe that Miguel Angel Felix Gallardo is the top-ranking Mafia chief in Mexico?

Is the PGR going to take thorough action against the drug traffic? Then let the police and military crackdown coming from the north continue toward the center of the country and pass through the territory of Televisa and the nightclubs controlled by businessmen Emilio Azcarraga, Miguel Aleman, and Romulo O'Farril, through well known pimps like Ernesto Vals and others.

In the past, upon the arrest of Rafael Caro Quintero and Ernesto Fonseca Carrillo in April 1985, the authorities attempted to deceive the public by claiming that these were the two leading drug traffickers in the country. At the time, in the pages of POR ESTO! it was made clear that this story was merely an attempt to protect those in high places who were really the ones responsible for drug production and trafficking.

Currently, the official publicity system is grinding out the same story. On Saturday, 8 April, in Guadalajara, Miguel Angel Felix Gallardo was arrested, and we are again being told that he is the genuine, sole, authentic "capo" of "capos" of the illegal activities. When are we going to find out who the chief of this chief of chiefs is?

For the present, we should bear in mind that at least four extremely important members of the Salinas cabinet have been publicly cited for their connections with drug traffickers. Yesterday, with Miguel de la Madrid, and previously and unequivocally, with Jose Lopez Portillo, both inside and outside the country, in a manner that became scandalous, it was left without doubt that the government was not the only protector of drug traffickers of all kinds. All the police agencies in Mexico without exception, legislators, governors, mayors, state secretaries, and federal and state attorneys were implicated in the murky, criminal business. For those who still wanted to believe in the purity of the presidential institution, the conclusion is horrifying.

Now, as Miguel de la Madrid did in the past with Caro Quintero and Ernesto Fonseca, Carlos Salinas de Gortari's government is dealing what appears to be a severe blow to the drug traffic with the capture of Miguel Angel Felix Gallardo, and with spectacular operations, confiscating tons of drugs within just a few months (giving us an idea of the drug traffic's magnitude and our country's significance as a drug producer and springboard). But the doubts are not being dispelled on this account, and the "delight" recently expressed by the U.S. authorities (we might note, in passing) warrants our confirming that they too are implicated in the matter and that, behind the scandal over the issue with which they have kept the thread of bilateral relations tense, they are concealing an interest in intervening in national affairs, while incidentally manipulating U.S. public opinion and attempting to retrieve an image as an international model which, through their actions, they themselves have been responsible for demolishing. But let's not be distracted from what is happening in Mexico.

Costa Rica

Angel Rodriguez Reportedly Linked to Noriega

PA1506175389 San Jose Radio Reloj in Spanish 1200 GMT 14 Jun 89

[Text] Miguel Angel Rodriguez [Costa Rican Social Christian Party member] said that no one can seriously believe that he has been a messenger for Panamanian General Manuel Antonio Noriega [commander in chief of the Panama Defense Forces]. Rodriguez said: I have been the victim of a lie. It is not true that I have served as a messenger for Gen Noriega, whose narcomilitary regime I have always criticized. Rodriguez made these statements yesterday in reference to statements by Jose Blandon, Gen Noriega's former collaborator and former Panamanian consul in the United States.

On 12 June, Blandon said before a U.S. Senate subcommittee that Gen Noriega contributed to Rafael Angel Calderon's [current Costa Rican presidential candidate] 1985 presidential campaign. Blandon also implicated Miguel Angel Rodriguez. Blandon alleged that in 1985, Rodriguez flew in his private plane to Chiriqui Province, Panama, to pick up $250,000 that Noriega gave him as a contribution to the Social Christian Party campaign. Rodriguez asserted that in fact he has struggled against and has criticized political corruption and Gen Manuel Antonio Noriega's regime. Rodriguez said: I recently suggested that President Arias ask the United Nations to condemn the Panamanian Government.

Finally, Rodriguez said that he will not allow his reputation to be tarnished by falsehoods. Miguel Angel Rodriguez added that yesterday he asked to address the Legislative Assembly's drug- trafficking commission. Rodriguez is scheduled to appear before that commission on 19 June.

Rafael Angel Calderon Fournier, Social Christian Party presidential candidate, said that Costa Rican President Oscar Arias and Carlos Manuel Castillo, Costa Rican National Liberation Party [PLN] presidential candidate, have devised a political plot to discredit him. Calderon said that President Arias' personal friend, U.S. Democratic Senator John Kerry, and two men who worked for Gen Noriega assisted the plot. Calderon Fournier said that Blandon has been used to discredit him. Blandon said that Calderon received money from Noriega for his presidential campaign.

Calderon said: Over 1 month ago, President Arias called me and threatened me with resorting to his foreign friends to launch a disinformation campaign against me. Arias threatened Calderon because the Social Christian Party reprinted an article published by the German magazine [word indistinct], which presented President Arias in a negative way. Calderon said that Arias told him to stop attacking him, because the fight should not be aimed at him, but instead at the PLN presidential candidate. Calderon said that he told President Arias that any information that can be proved will be publicly released by his party. Calderon said that no one can silence him. Calderon based his accusation against President Arias on the firm position he [Calderon] has maintained regarding drug trafficking and obtaining resources from suspicious origins.

Calderon strongly denied that he had received money from Noriega or his collaborators and accused one of Castillo Morales' and Arias' main foreign advisers during the presidential campaign of making the false statements. Calderon said that it is not the first time that the PLN has used lies in its attempts to discredit people for political reasons without caring how people are harmed.

Calderon said: Four years ago, the PLN tried to link my wife's father with [local drug trafficker] Caro Quintero, but they could never prove anything against him. Months later they tried to stain my name by saying that I was involved in orgies organized by some citizen whose surname was Elizalde. However, they could not prove anything against me.

Calderon added: This time they were at least brave enough to tell lies about me and not about my family. That shows that the PLN is not above lying to gain a political advantage in the presidential campaign. Finally, Calderon said that he will continue to support the Legislative Assembly's drug-trafficking and money-laundering commission. Calderon added that some people want that commission to disappear. Calderon asked the commission to fully investigate drug trafficking charges, because the country needs to know who is involved and who is truly linked to the international mafia.

El Salvador

Labor Unions Condemn Quayle's Visit

PA1506135189 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 14 Jun 89

[Text] The National Union of Salvadoran Workers, UNTS, condemned U.S. Vice President Dan Quayle's visit to our country, a visit it regards as a clear intervention in Salvadoran domestic affairs. According to UNTS, the leading Salvadoran trade union organization, Quayle's visit constitutes direct approval of the new Salvadoran administration, which is clearly aligned with the rightist paramilitary groups that are still active in El Salvador.

UNTS also said that the United States is continuing its interventionist policy in El Salvador. UNTS pointed out that the United States is conducting this policy in a less overt manner than before, and, therefore, repression will increase, as is already evident.

Ponce on 'New Strategies' Against FMLN

PA1606011389 San Salvador LA PRENSA GRAFICA in Spanish 14 Jun 89 pp 3, 15

[Text] Colonel Rene Emilio Ponce, the Salvadoran Armed Forces joint chief of staff, told domestic and foreign media on 13 June that the Armed Forces will implement new strategies and will modernize its weaponry to counter the FMLN-FDR's [Farabundo Marti National Liberation Front-Revolutionary Democratic Front] escalating violence. He added that the Armed Forces' plans have been backed by the United States, as Vice President Quayle confirmed that military and economic aid to El Salvador will continue. Mr Quayle met with Salvadoran President Alfredo Cristiani on 13 June and also held meetings with top-level Armed Forces officers.

Col Ponce stated that the FMLN terrorists have received more sophisticated weaponry and equipment because they are constantly being supplied with weapons from the USSR via Cuba and Nicaragua. All the weapons confiscated by the Army at the (Contreras Crossing) in (Colonia La Rabida) on 30 May were shown to Quayle, who expressed his surprise and congratulated the Armed Forces through Col Rene Emilio Ponce. When Vice President Quayle saw the weapons, he was able to confirm that most of them were manufactured in the USSR, Czechosklovakia, the PRC, etc. The visiting U.S. vice president also heard videotape statements that verified the weapons had been sent to the FMLN-FDR terrorists from the USSR via Cuba and Nicaragua. Quayle also viewed weapons confiscated in other parts of the country when the Armed Forces dismantled terrorist camps.

Col Ponce expressed to Quayle the need for a substantial improvement in the Armed Forces' weapons. The Salvadoran Armed Forces have to be able to respond successfully to the possible use of surface-to-air missiles by the FMLN. He added that the rebels are able to use these missiles widely against our Army's planes and helicopters.

The U.S. vice president viewed the weapons used by the Salvadoran Army and stated that aid will continue. He also promised to consider the need for a substantial improvment in our Army's equipment.

In the afternoon, members of the diplomatic corps accredited in our country also visited the Armed Forces joint chief of staff and was shown the weapons viewed by the U.S. vice president.

FMLN Claims Innocence in Porth Assassination

PA1606032289 (Clandestine) Radio Venceremos in Spanish to El Salvador 0235 GMT 16 Jun 89

[Communique issued by General Command of the Farabundo Marti National Liberation Front (FMLN) on 15 June 1989]

[Text] Concerning the death of Dr Jose Antonio Rodriguez Porth, the General Command of the Farabundo Marti National Liberation Front reports the following to all Salvadorans:

1. As a result of the investigations we have conducted, we confirm that the FMLN bears no responsibility whatsoever for the attack against Dr Rodriguez Porth. We delayed making this statement to make certain that there were no circumstantial or other reasons that could have involved us in the attack.

2. Following Rodriguez Porth's death, there have been markedly vengeful actions by several groups. Colonel Ochoa Perez, for example, has proposed fighting fire with fire. Francisco Merino has threatened opposition leaders with death. Ricardo Alvarenga Valdivieso has proposed repressive new laws.

We hereby warn that if reprisals are taken against the opposition movement, we will take firm and resolute action against any escalation in repression.

3. We find the false commotion among the ranks of the ARENA [Nationalist Republican Alliance] party repulsive, because everyone knows of their responsibility in killings like that of Monsignor Romero, of the members of the FDR [Revolutionary Democratic Front] Executive Committee, and so many others. We do not believe in their alleged innocence, and do even less at a time when repressive actions are being intensified.

4. Our attention has been drawn to the fact that the attack on Rodriguez Porth has occurred within the framework of an intense struggle between the entrepreneurial sector [of ARENA] and D'Aubuisson's supporters to gain control of the party, and within the framework of a dispute for the Defense Ministry. In the latter case, Rodriguez Porth's actions did away with General Bustillo's aspirations. There are precedents for the line of conduct of ARENA factions and for these internal confrontations. We recall the attack that Roberto D'Aubuisson perpetrated against former U.S. Ambassador Thomas Pickering. We also remember how important men close to Major Roberto D'Aubuission participated in the kidnapping of businessmen. Maj D'Aubuission's silence concerning the attack against Rodriguez Porth is noteworthy.

The FMLN understands the concern of the various national sectors and the international community in the sense that this fact may be used by ARENA to justify irrational retaliatory actions. If a situation is brought about, involving (?an increase in) violence and expansion of the war, it will be the ARENA Government's sole responsibility, not ours.

For this reason, we have raised with the political parties the need to create conditions for establishing a favorable climate for dialogue and a negotiated political solution. We reiterate our total readiness to contribute toward this effort. The FMLN reasserts to all the Salvadoran people that we will continue to adhere to the truth and that that we will be fully responsible for our actions at all times and under any circumstances.

[Signed] FMLN General Command

[Dated] 15 June 198, El Salvador

Rebels Claim To Down Transport Helicopter

PA1606024989 (Clandestine) Radio Venceremos in Spanish to El Salvador 0008 GMT 16 Jun 89

[Text] The Farabundo Marti National Liberation Front [FMLN] has damaged a transport helicopter in Guarjila, Chalatenango Department. This is the third helicopter that has been damaged in 24 hours [words indistinct] believed Colonel [Rene Emilio] Ponce's story about the 19 Ecuadorans born in Peru who reportedly arrived in Comalapa Airport carrying antiaircraft missiles under their arms. Col Ponce said that pilots would evade those mysterious Ecuadorans born in Peru by flying at lower altitudes.

The pilots seemed to have heeded his words in Guarjila, Chatelango Department, and flew in at a low altitude, but they were attacked by the FMLN's antiaircraft units, which caused considerable damage on one U.S.-made UH-1H transport helicopter. Violent clashes have occurred in that department and this necessitated the constant presence of Air Force A-37s and helicopters to evacuate the wounded and support the attacked troops.

Our revolutionary fire hit the UH-1H helicopter several times; it withdrew and crashed. We are waiting for reports from Chalatenango with the details. Given the serious damage inflicted on the helicopter before it withdrew from the area, anything could have happened to the pilots and the aircraft.

This is the third helicopter damaged by the FMLN within 24 hours. We remind you that, on 14 June, two helicopters were damaged in Cerro El Tigre, Jucuapa jurisdiction. Our revolutionary salute to the comrades who carried out that action in Chalatenango. The action occurred only hours after Col Ponce said that the Air Force has sustained serious damage from the FMLN forces, which can damage a helicopter with a rifle.

Ponce's statement is ridiculous and he must surely be saying this so that the U.S. Government will send more millions for helicopters. Ponce complains that modern helicopters equipped with machineguns and rocket launchers can be shot down with the single shot of a rifle accurately aimed at the heart of the pilots and vulnerable points in the helicopter. This is comparable to Goliath complaining at the UN because David defeated him with a stone!

Guatemala

URNG Obtains Sophisticated Radio Equipment

PA1506231189 Guatemala City PRENSA LIBRE in Spanish 10 Jun 89 p 12

[Text] National Radio Broadcasting Director Enrique Hernandez has reported that the URNG [Guatemalan National Revolutionary Unity] rebels have illegally brought into the country sophisticated radio equipment. Hernandez reported that the equipment is so modern that the rebels can use any radio frequency, including the frequency used by walkie talkies.

He added that with this equipment, the URNG can not only broadcast through its clandestine "La Voz Popular," but can also intrude in every type of communication in the country, including private communications.

* President Called Upon To Set Example

32480138d Guatemala City EL GRAFICO in Spanish 18 Apr 89 p 9

[Editorial: "It's About Time He Lost His Patience"]

[Text] The message delivered by President Marco Vinicio Cerezo Arevalo last Sunday was extremely revealing and for several reasons, the first of which is that the president finally (!) seems to have realized the seriousness of the social problem which violence represents. Previously, whenever the subject cropped up, he would deny it or, at best, blame the press for publishing criminal acts. It is also encouraging that the president has realized the serious damage which his misadministration is doing to the country and democratic institutions. He is actually right in warning that "democracy is imperiled by the tendency of certain groups and persons to constantly violate the law." In this connection, one should recall that the Court of Constitutionality has ruled that the president as well as his Cabinet and other public officials in this government have repeatedly violated the constitution. Unfortunately, there is no such thing as crimes against the constitution for if there were, more than one official would be in Pavon.

How can one call for respect for the law when those who should set the example violate it? Or has the honorable president forgotten that his steamroller in the Congress concealed a crime? Has he also forgotten that close friends have been involved in acts of corruption and gone unpunished? How can one speak of legality when one conceals and covers up the El Aguacate massacre? The president is quite justified in warning that "democracy is imperiled by the tendency of certain groups and persons to constantly violate the law." Fortunately, both the president and Minister of Government Roberto Valle Valdizan have already "begun to lose their patience" with criminality and "grown tired" of it. Unfortunately, we Guatemalans in general grew tired and lost our patience with it long ago.

That is why we are happy that the government is beginning to realize that there indeed is violence, not because the tolerance and patience of the democratic government are being abused, but rather, because there has been total negligence and libertinage in government circles. Corruption, which is a form of violence against the citizenry, is practiced by government officials, usually with impunity. When President Cerezo was a presidential candidate, he repeated that every time the governments in power wanted to hide the sun with a finger or fool the people, they would resort to the well-worn tactic of blaming the left or "communists" for all evils afflicting the country. That is fortunately a thing of the past. Now when Christian Democrats want to pull the same tricks they once criticized, they blame the right. Nor do we believe that certain rightist politicians are merely tame doves. What has happened is that if the government has proof that those trying to destabilize democracy are persons on the right and that those same individuals are the ones backing and forming "underground organizations," then it should reveal their names and descriptions so they may be brought before the courts. To fail to do so is to contribute to the destabilization and loss of democracy's credibility. Nor does blaming the media for acts of "disrespect" serve to justify anything, for respect is earned and can only exist when there is morality and responsibility in the actions of those who govern us. One cannot blame the judges and the courts, for the wave of criminality now exceeds the bounds of the courts' physical limitations. Security and democracy are definitely everyone's job, but the nation's government must lead the way with its action and example.

* Cerezo Supports Gun Control Legislation

32480138e Guatemala City DIARIO DE CENTRO AMERICA in Spanish 26 Apr 89 p 3

[Text] "There is a whole series of facts showing that we are beginning to control crime and you will see more," President Marco Vinicio Cerezo Arevalo said yesterday after proposing a gun control bill to the congressional board.

When asked about his observation that his patience had run out, the chief of state answered that the fact that one's patience is exhausted "does not mean that we can work miracles. We are taking measures and will achieve results. All the action we are now taking is aimed at obtaining more efficient results, and we shall prove this with the presentation of criminals who have committed acts that have had an impact on public opinion this week."

Cerezo Arevalo said that he had gone to Congress in order to follow a plan of cooperation of all government institutions aimed at controlling crime and responding to a deep-felt need of the people of Guatemala: greater security for the citizenry.

"As we have said," the president continued, "it is absolutely necessary to have some coordination of government organizations in order to respond to this obligation to the people. We have spoken with the Judicial Branch in order to ascertain how we can cooperate better with them and we have gone to Congress to propose a bill which I think is historic," Cerezo Arevalo observed, "because it consists of a new law governing the carrying and possession of weapons. This means total centralization of gun registration in the Ministries of Defense and Government so that the country will not have a given number of individuals carrying weapons without any official control."

"I believe this bill will be a historic milestone in the nation's security," the president added, "one that will definitely give us greater capacity to control crime. That is its purpose. We have had a series of meetings on security, legal mechanisms and the future possibility that we might present other procedural reforms so as to improve the ability of our nation's officials and courts to control crime."

Honduras

Callejas Discusses Meeting With Quayle

PA1506140889 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 13 Jun 89

[Report on "exclusive" interview with Rafael Leonardo Callejas, National Party of Honduras presidential candidate, by Nery Arteaga; date and place not given—passages within quotation marks are recorded]

[Text] Rafael Leonardo Callejas, National Party of Honduras [PNH] presidential candidate, met yesterday for approximately 30 minutes with U.S. Vice President Dan Quayle. We asked him what topics were discussed at the meeting, which the PNH leader described as very important. Callejas arrived at the U.S. diplomatic mission, where the meeting was held, accompanied by Ricardo Maduro, vice president of the PNH Central Committee.

[Callejas] "This was a very important meeting. We commented on mutual friends and discussed very important issues for the future government of the republic, which I will rule by mandate of the people beginning on 27 January 1990.

"I was accompanied by Ricardo Maduro, vice president of the PNH Central Committee, during this meeting with Vice President Quayle. We mainly discussed four topics: First, the urgent need to conceptualize the Central American geopolitical situation within the context of the situation resulting from the Panamanian elections and the possible consequences for Central America if Nicaraguan election results that do not reflect the Nicaraguan people's will are imposed. We discussed the consequences of having an apparently legal government in Nicaragua which lacks the support of the Nicaraguan people.

"I specifically referred to this topic because it is significant to the future of the Republic of Honduras. Let us bear in mind that what we could call the first phase of humanitarian aid for the Nicaraguan counterrevolution will end in February 1990. The PNH's position, which we have clearly stated, is that these rebels cannot remain in national territory. Given the positive effects of the U.S. bipartisan Central American policy, we believe that it is appropriate to raise our concern over situations that could take place in Central America as a result of the factors I have just mentioned."

They also discussed the national economic situation. Rafael Leonardo Callejas had this to say about this second topic:

[Callejas] "Second, I addressed Honduras' critical economic situation. I said that it is very important that the U.S. Government—representing its people and being Honduras' main ally—maintain the same or increase the level of economic aid, particularly funds directed toward the balance of payments. In light of our dear fatherland's disastrous economy, we do not foresee an economic recovery unless economic aid or funds to help pay for the balance of payments are maintained."

"I pointed out that it is not enough to channel U.S. aid to production or social sectors or even to maintain military aid at current levels. However, it is imperative that this policy, whose feasibility is being discussed within U.S legislative bodies, be kept alive. There is no doubt that for us it is a top priority that the United States continue to offer economic aid in those terms to our nation and, above all, to continue that aid forward to the next administration."

"This is a very important issue. We told Quayle, as we expressed in our visit to Washington to meet with distinguished members of President Bush's cabinet, that Honduras must make important internal decisions in the area of economic adjustments; that we forsee no recovery of our battered economy if we do not work within our economic reality and realize that the country can no longer continue under the current economic scenario. Adjustments are needed and, in due time, proper negotiations with international organizations to return the flow of foreign currency are also needed."

Callejas also talked with the U.S. vice president about the Honduran elections:

[Callejas] "We referred to the Honduran elections. I expressed my opinion and the PNH's wish for him to attend our inauguration on 27 January 1990 because, as far as I know, the Honduran people have already decided that they want a change, and this will be reflected in the ballot boxes. As future president of Honduras, I would be very pleased to have him visit us in 1990.

[Arteaga] "What did he say? Will he come for your inauguration? Will he come to Honduras?"

[Callejas] "I prefer not to reveal his answer."

The PNH presidential candidate was asked about the importance of this meeting and if it should be considered a social call or a highly positive visit for our country's political and economic future.

[Callejas] "It is a visit of enormous political significance. Given what happened in Panama, the upcoming Nicaraguan elections, and the statements issued by the Nicaraguan foreign minister during the OAS meeting, which were intended to cast doubt on the election process in our nation, by his very presence, the U.S. vice president strengthened the close relationship between our country and the United States. Therefore, Vice President Quayle's visit is very advantageous for Honduras and for our nation's democratic institutions."

Referring to the contras and statements that they have no reason to exist, Callejas revealed his discussions with the U.S. vice president on these issues:

[Callejas] "This is obviously a topic that we discussed, because we are deeply concerned over the situation in our country resulting from the U.S. Government's sending humanitarian aid [to the contras]. Remember that the first assessment of the effects of this humanitarian aid will be made in November, and, since this is the month when the Honduran elections are scheduled to take place, a complex situation might arise following the decision by some members of the groups responsible for disbursing the humanitarian aid. They [not further identified] and the U.S. vice president are very aware of this. In his opinion, nothing will happen on that date.

"However, the bipartisan commitment to send humanitarian aid expires in February, when the Nicaraguan elections are scheduled to take place; the inauguration of the new Honduran Government—a PNH Government—is scheduled for January. In other words, these factors could create a complex situation for our country, and we stated our concern about this.

[Arteaga] "It is said that the vice president is also touring the region in search of support to carry out actions in Panama. Did he mention this, Dr Callejas?

[Callejas] "Of course we discussed Panama, but not in those terms—at least he did not discuss that possibility with me. I told him that it is necessary to solve the political crisis in Panama, given our belief that it is highly significant for Central America that Panama turn toward democracy."

In a similar vein, Dr Callejas said that they also discussed mutual allies during the meeting:

[Callejas] "This is an interesting coincidence. One of our best political allies, Mr (Mick Daniels), who is a member of the (Hudson Institute), has been our adviser at certain phases of our political life. In addition, John Cunningham, who was Ricardo Maduro's fellow student at the university, was also a member of Mr Quayle's golf team at the university. It is a small world.

"I went to Washington but, for reasons of protocol, none of the Honduran presidential candidates was able to visit Vice President Quayle, even though we had occasion to meet with mutual allies. Remember that the PNH comprises a great political family called the International Democratic Union, in which the United States is represented through the Republican Party. Therefore, our association with them is very, very close, and they offer us their cooperation in the preparation of political seminars. Ever since I assumed the PNH Central Committee presidency, there has been continuous access to Republican Party political centers in the United States."

To conclude, Callejas was asked if the affinity between the PNH and the Republican Party could improve the Honduran economic situation, assuming he wins the presidency:

[Callejas] "Much more effective channels of communication and dialogue are made available when people know each other personally. Our relation with the most important leaders in the Western world will be reaffirmed in September, when I will visit Japan to participate in a joint meeting with Margaret Thatcher, Dan Quayle, Helmut Kohl, Prime Minister Uno, Canadian Prime Minister Mulroney, and other Asian leaders. This will be the third time that we will participate in such a meeting and, consequently, the PNH will be part of that meeting—which is so important for Western politics.

"During the meeting, we will of course address the German, Japanese, British, Greek, Canadian, and U.S. Government representatives, given that this is an election year in Honduras, and we will explain the need for them to increase their support for our nation. Of course I feel satisfied, because when you hold friendly talks with prominent world leaders, communication is facilitated."

U.S. Embassy Accused in Planned Election Fraud

PA1606033489 Tegucigalpa Televisora Hondurena in Spanish 0100 GMT 15 Jun 89

[Report by Giovanni Garcia]

[Text] Only a few months before the election of a new Honduran president, there is talk of election fraud. Our democracy has been shaken by recent charges, such as the one leveled by the Innovation and Unity Party, PINU, involving political parties, state branches, and even U.S. Embassy officials in Honduras.

[Begin unidentified speaker recording] We believe that [words indistinct] is a long-standing problem—since the past elections, I would say. [end recording]

The PINU claims that an election fraud is being organized by the traditional National and Liberal parties with the complicity of the Supreme Court of Justice and the AID [U.S. Agency for International Development].

PINU said the election fraud includes the issuance of 170,000 identity cards not backed by corresponding birth certificates or application forms and the issuance of 487,000 identity cards through reissued birth certificates from the courts. It claims that some 11,000 people have dual identities and are using other peoples' names or other voters' identity cards.

That is not all. The PINU also maintains that minors have been given identity cards and some 5,600 people have been naturalized with false documents. Some people, it claims, have assumed the identity of deceased Hondurans.

Six months before the election of a new Honduran president, the situation is turning somewhat heated and dangerous.

[Begin unidentified speaker recording] We believe that fraud has become a constant in our national reality. The two traditional parties have resorted to the [word indistinct] of the electoral code to achieve power. [end recording]

This well-known political analyst clearly said that he believes that an election census is unnecessary because identity cards show not only identity but also age and nationality. Therefore, it makes no sense to continue spending money, such as the 6 million [currency not specified] that were squandered to improve the census.

According to PINU, supplying documents to Salvadorans also hurts national sovereignty [words indistinct] of our border conflict with that country.

Charges have been leveled, the census is being improved, and corrections are seemingly being made. However, nobody—or virtually nobody—has paid much attention to the charges.

[Begin unidentified speaker recording] [passage indistinct]

Ambassador Briggs Awarded Order of Morazan

PA15062351 Tegucigalpa LA TRIBUNA in Spanish 15 Jun 89 p 8

[Text] During a ceremony at which the Honduran Goverment bestowed upon U.S. Ambassador Everett Briggs the Order of Morazan, Grand Cross, Silver Plaque, Foreign Minister Carlos Lopez Contreras emphasized that "over the past few years, foreign threats have often challenged the firmness of our special relationship of friendship and security which, nevertheless, has become even stronger."

Lopez said that although the two countries maintain close ties of friendship, cooperation, and security, it must be pointed out that these ties are based upon mutual respect, the promotion of common interests, and equality, in which the power of one country fuses with the other's democratic strength and geopolitical importance.

Within this delicate context, he continued, "I am pleased to acknowledge that Ambassador Briggs' work has been highly positive and has emphasized his magnificent qualities as an experienced diplomat and an expert on Latin American idiosyncracies."

Lopez stressed that during the 2 ½ years Ambassador Briggs spent in Honduras, he witnessed the Honduran Government and its peoples efforts to consolidate and strengthen the nation's democratic system.

To help us achieve this goal, Lopez added, Briggs acquired technical legislative assistance for the Honduran National Congress and National Electoral Tribunal, and assistance in the proper administration of justice for the Judicial Branch.

Therefore, he said, Ambassador Briggs' concern over the strengthening of democracy and justice is understandable. Suffice to remember that he represents the first republic that existed on this continent.

Addressing the honoree, Lopez said: "You have carried out the difficult duties of U.S. ambassador in Honduras with talent, tact, and undeniable success. The excellent relationship that today exists between our countries is—no doubt—to a large extent due to your efforts, and especially to the affection you have always shown toward Honduras."

Nevertheless, Lopez said, "it would be unfair of me to overlook that in your praiseworthy effort, you have had the most admirable cooperation of your very dignified wife, Mrs Sally Briggs. With affection equal to yours, she has enthusiastically embraced a wide range of causes in favor of the Honduran people, especially in the areas of community development and the creation of a national symphony orchestra. To her, our undying gratitude," he concluded.

Briggs will depart for the United States today, thus concluding his ambassadorial mission.

Japan Donates Research, Training Institute
PA1606130489 San Pedro Sula TIEMPO in Spanish 15 Jun 89 p 10

[Summary] Tegucigalpa—President Jose Azcona Hoyo yesterday inaugurated the National Research and Training Institute (INCE), built and equipped by the Japanese Government at a cost of 23.5 million lempiras, in the Comayaguela area. During the inauguration ceremony, President Azcona said that the new institute, where teachers will be trained in every area of education, will be of great help in improving the Honduran educational system.

Nicaragua

Government Protests Quayle-Contra Meeting
PA1506142589 Managua Radio Sandino in Spanish 1248 GMT 15 Jun 89

[14 June "protest note" sent by Foreign Minister Miguel D'Escoto to Honduran Foreign Minister Carlos Lopez Contreras; place of issue not given]

[Text] Mr Minister:

Various Honduran press sources have reported on the 13 June meeting between the U.S. vice president and leaders of the mercenary groups, among them Enrique Bermudez, who have been using Honduran territory as a base and sanctuary for its criminal actions against Nicaragua.

These mercenary groups have continued their attacks against Nicaragua, adding new victims to the thousands of citizens who have already suffered the effects of U.S. aggression and the participation and complicity of your government with that illegal policy.

The well-known U.S. policy of maintaining contra forces in Honduran territory and its constant criminal attacks against the Nicaraguan population—which have left 163 civilian victims since the Costa del Sol summit on 31 May—characterizes the talks between U.S. Government officials and contra leaders, as well as the tragic consequences in the loss of human lives and property damage in my country.

While Vice President Quayle was meeting with the mercenaries, pastoral representatives in Waslala and Las Minas informed the international community of the hundreds of peasants who have been murdered, kidnapped, and tortured by the mercenary groups that infiltrate Nicaragua from Honduras.

At the same time, the Defense Ministry reported on the continuation of attacks against agricultural cooperatives, among them one in San Jose, Tijuana, southeast of Asturias, Jinotega Department, where four peasants were killed on 10 June.

In the Costa del Sol declaration, the Central American presidents committed themselves to carrying out the demobilization, repatriation and relocation of the mercenary groups currently based in your country. However, your government has supported—against the legitimate interests of the Honduran people—the option set forth by a U.S. bipartisan agreement aimed at maintaining the contras in Honduran territory.

Interviews with Honduran political leaders, such as the one published in the daily LA TRIBUNA in its 13 June edition, clearly state that the U.S. vice president did not go to Honduras to solve its economic problems but to obtain a confirmation from the government that it will not expel the contras from Honduran territory.

In consenting to the continued presence in its territory of mercenary forces—which were created to attack my country—the Honduran Government is not only helping to bring more suffering and destruction to the Nicaraguan people and nation, but is also continuing the heavy burden on the Honduran people, who have also been the victims of criminal and terrorist actions.

With this behavior, the Honduran Government once again evinces its total noncompliance with international commitments, which are also expressed in the Esquipulas Agreements, to not permit the use of its territory to attack other states and to discontinue its support for irregular forces.

The Nicaraguan Government strongly protests the fact that your country continues to allow the use of its territory to conduct illegal policies that go against the Esquipulas Agreements and the peace efforts and that violate the principles and norms established by international law to guarantee the peaceful coexistence of states.

Your government should reflect on this and heed the calls made by the Honduran people themselves, who demand an end to the country's involvement in an illegal and adventurous policy and that the agreements signed in Costa del Sol calling for the implementation of a joint plan for the demobilization, repatriation, and relocation of the irregular forces based in your country be honored.

I take this opportunity to reiterate my esteem to your excellency.

[Signed] Miguel D'Escoto Brockman

Foreign Minister, Republic of Nicaragua

Opposition Leaders Roundtable on Elections

PA1606030489 Managua Radio Catolica in Spanish 1800 GMT 13 Jun 89

["Roundtable" with guest speakers Alfredo Cesar, former Resistance leader; Adolfo Jarquin, vice president of the Nicaraguan Social Democratic Party; and Alvin Guthrie, secretary general of the Confederation for Unity of Trade Unions, with reporters Joaquin Mejia, of the weekly publication PASO A PASO; Fernando Centeno, director of the radio program 21 Hours; Alberto Carballio, of Radio Catolica; and an unidentified moderator—live]

[Excerpts] [Moderator] Let us now listen to Alfredo Cesar's opinion about the country's current situation.

[Cesar] Good morning, Radio Catolica listeners. I am very thankful for this opportunity to talk to you and to the distinguished reporters with us here.

Concerning the urgent issues that affect the Nicaraguan people, I believe the Sandinist National Liberation Front [FSLN] is not yet convinced there is no way to get out of the current economic crisis, except through political agreements that grant stability to the country.

The FSLN has used several formulas to try to solve the economic crisis, but they will not work, because the problem is not only an economic problem, but a problem of lack of trust. There is a lack of trust between the ruler and the ruled and between the opposition and the government. That is basically why we are plunged into this crisis. The way to solve this crisis is to adopt measures that gradually restore a minimum level of trust so that economic measures can begin to show positive results.

At present, people cannot predict how much they will earn or how much things will cost in the next few days, because there is a permanent process of devaluation and inflation. Producers cannot determine how much money they should ask to borrow or how much they will owe to banks after their crops are sold, because they do not know at what prices will they sell their products. That situation is the result of frequent changes in the rules of the game. The government is constantly making social and economic changes.

In my opinion, as long as the real problem—the gradual restoration of political trust in Nicaragua—remains unsolved, it is very unlikely that the government's economic measures will be successful. As long as that problem is not solved, we will continue to experience massive devaluations, wage increase demands, and the suffering of desperate people whose purchasing power is not sufficient even to buy the most essential things.

[Moderator] We would like to hear the opinion of Adolfo Jarquin.

[Jarquin] To what Mr Cesar said, I can add that the Nicaraguan people do not trust the Sandinist government. The opposition demanded a national dialogue to reach political agreements, in which the FSLN gives election and political guarantees that ensure the 1990 elections will end the war in Nicaragua, bring peace to the country, and start the country's democratization and reconstruction process based on a single government program that will save the country. It is very important to take that into account, because if we have fraudulent elections, the country's problems will not be solved. What will happen is that the war will become worse. [passage omitted]

[Moderator] Let now us hear Mr Cesar.

[Cesar] I believe ours are not normal elections. We are not talking about elections in which one party participates against another. That is the normal situation. I believe the Nicaraguan opposition must turn these elections into a plebiscite. The FSLN has already rejected a plebiscite, but it cannot do anything to prevent the opposition—united in one single bloc and in one single coalition—from turning the elections into a plebiscite, by presenting only two alternatives to the Nicaraguan people—either continue with the FSLN government and everything that government entails or change the government for hope and a better future.

If that is the intention of the opposition, then the election of the opposition's candidate will have to be linked to that idea. The man or woman chosen to govern the country will not necessarily be the best one, because, as I said before, these are not normal elections. In my opinion, by requesting a change of government through plebiscite, we have to choose the person who best represents the desires the Nicaraguan people will express.

In other words, we must choose someone the Nicaraguan people can immediately identify as a symbol of the change they want in the 1990 elections.

Since there is no time or possibility for the Conservative, Liberal, Social Christian, Social Democratic, or Marxist Parties to present individual government platforms, we are planning to form a single election coalition that will ask the Nicaraguan people a question they will have to answer with their votes on election day: Do you want more years of Sandinist government or do you want a change for a better future?

I will not mention any names—although I have already decided who I would choose as the single opposition candidate—because it seems to me it is premature and inappropriate for me, who just returned to Nicaragua after over 7 years in exile and who just joined the Social Democratic Party, one of the UNO [National Opposition Unity] member parties, to voice my opinion at present. We will give our opinion within the party when all the UNO member parties begin to choose the opposition presidential candidate.

Concerning whether there are or are not conditions for holding elections in Nicaragua, I would say there are no conditions for elections in this country. I believe we must gain those conditions. The people should go into the streets. We must get the people organized. We must demand and succeed in obtaining those conditions.

Although aware that fraud was being prepared beforehand, the Panamanian opposition leaders did not remain with their arms folded just asking the government to change the rules of the game. The Panamanian opposition got the people organized and confronted the regime, even with the dice loaded in favor of the regime. The Panamanian opposition showed the entire world the massive rejection of the Panamanian people for the current Panamanian regime.

I believe we must gain the conditions for elections. We must organize the people in schools, universities, workshops, workplaces, streets, and markets. That organization will take place within an increasing process of election organization, which was approved by the recently reformed laws.

I would say the Nicaraguan people are ready for elections. I was frankly surprised to see the enthusiasm with which people welcomed the march near the eastern neighborhoods of Managua on 11 June. That enthusiasm showed people want a change in this country and want the FSLN to become the opposition again, as it was before overthrowing the Somoza dictatorship. The FSLN has proven to be a total disaster in government. It cannot solve the country's basic problems; it has no credibility, and the people do not trust it. Elections will be the civilized way we will change things in Nicaragua. The people are ready. I believe the opposition parties must get the people organized to gain the necessary conditions to hold free and fair elections. [passage omitted]

[Cesar] I have been asked many questions about the contra movement demobilization over the last 8 to 10 weeks, ever since the Central American presidents signed an agreement in El Salvador. Those agreements include the final word on the subject. It says the Central American presidents are to create a plan for the voluntary demobilization, repatriation, or relocation of the contras. I voluntarily decided to return to my homeland. I am here now. No one, however, can be forced to demobilize or to be repatriated, because the five Central American presidents signed an agreement saying that the process must be voluntary.

Thus, what the Sandinist government has to do is create the internal conditions. It must grant freedom, declare an amnesty, and leave behind the last 10 years of confrontation and look toward the future. The Sandinist government must try to find a way for us to become a civilized nation, in which governments are not changed by means of bullets, but by means of elections. We want a civilized country in which the group that looses the elections is not erased from the country's political life, but becomes a responsible opposition.

In all civilized nations, the government shares the responsibility of leading the country with the opposition. In all civilized nations, the opposition has a secondary responsibility in the country's future, because the primary responsibility falls upon the government.

The opposition is responsible for the country's fate through its participation in the Legislative Assembly or Congress and through the work that its members do in the posts they occupy.

We see, for example, how in the United States, the Republican Party won the most recent presidential elections and yet the U.S. Congress is controlled by the Democratic Party, the opposition party. When it comes to national problems, however, partisan differences are set aside in the United States and the problems are faced jointly.

At present, we have a national problem here in Nicaragua. The economic, social, political, cultural, and moral crisis is a national problem. All Nicaraguans must face that problem together, whether we are in the government or in the opposition. Regardless of who wins the February 1990 elections, we must always face our problems together. If the FSLN members hold the belief that they are the chosen ones and that the Nicaraguan opposition has nothing to say about our country's future prevails, we will never move forward and solve the serious problems we are facing, much less will we have an amnesty here. An amnesty is the best way to prove that all Nicaraguans are leaving the years of confrontation behind to move the country forward and save it from falling into an abyss. [passage omitted]

[Reporter] I would like to ask something of Alfredo Cesar. I would not like my question to be taken as inquisitive, because sometimes interviewees think reporters want to corner them. This question is not to be heard only by opposition supporters, but by all the people, including FSLN supporters, by everyone. Perhaps, the Sandinists are waiting to hear this question. I am interested in this topic for international reasons.

Regardless of the fact that Alfredo Cesar voluntarily returned to Nicaragua to join the opposition's civil election process in fulfillment of the Esquipulas II Agreement signed by the Central American presidents in El Salvador as you yourself said... [reporter changes thought] Someone told me that there is going to be an Esquipulas III, IV, V, VI, and VII in addition to the Alajuela, and El Salvador Agreements. In any case, regardless of all that, I want to ask Alfredo Cesar if he no longer believes that armed struggle is the force that will change the Sandinist government. This is one of my questions.

Enrique Bermudez told me he would only return to Nicaragua on a T-55 tank and that the 11, 12, or 13 thousand Nicaraguan Resistance [RN] members who are training in Yamales everyday are the true guarantors of this process [not further specified] until 25 February 1990. We want to know whether Alfredo Cesar still believes the RN is the guarantor of that process.

In addition, other RN members have told me or UPI that Alfredo Cesar was an obstacle for the RN. Now that Alfredo Cesar has voluntarily returned to Nicaragua to join the Social Democratic Party, I would say it was easy or cheap to get rid of Alfredo Cesar. Those RN members even asked what would happen if they got rid of Alfredo Cesar. When they asked me that question, I told them that nothing would happen. I told them that if Alfredo Cesar returned to Nicaragua, he would join a peaceful struggle. Thus, I believe those RN members got rid of Alfredo Cesar for free.

First, I want to know why the Sandinists are not sure about Alfredo Cesar. The Sandinist leaders are not sure that Alfredo Cesar no longer believes in armed struggle. They are not sure if Alfredo Cesar returned to Nicaragua to be part of the peaceful opposition for a while and one day go back to the armed struggle, the RN, or what have you.

Second, I want to know what you think about being described as an obstacle to the RN and what your situation is now?

[Cesar] As for the opinion of some that I am an obstacle for some people, I can tell you that those are remarks provoked by the jealousy and envy that exists in every political movement. In my opinion, those remarks are simply the result of human passion. One must overcome such passion to be able to forge a great nation. Obviously, all of us will not agree on everything. In fact, respect for others' viewpoints is the basis for a stable peace and for democracy.

You, however, asked me a much more important question. You asked me about war, and about peace, national reconciliation, and Nicaragua's future.

I do not think war is the solution for this country. I believe, and I have stated this clearly throughout the past months, that the Central American presidents political will, as expressed in the agreements, was an important element toward reaching the conclusion that war is not a solution to the Nicaraguan conflict. Therefore, I feel that the electoral process that begins this year and ends with the February 1990 elections, represents the best mechanism for solving the national problem. This is why I am here and why I have joined a party and will participate in the electoral process, the civil struggle, and the political struggle.

If this process is mocked, if the will of the Nicaraguan people is not respected during this electoral process, if this electoral process, instead of being clean, is turned into a fraud, then I cannot guarantee that the RN fighters, who are just waiting in their camps, will not resort to bullets. Evidently, this is something I cannot guarantee. I have come here in good faith, thus reinforcing the possibility that the electoral process will be a total success, a process that will, once and for all, end the national conflict, not only the war, but the overall national conflict; a process that will contribute toward establishing new political guidelines between government and opposition, guidelines that will be acceptable to all and contribute toward the success of the debates among the various forces in the country and toward solving the problems. However, if the electoral process is not successful, this decision will be made by those with the weapons.

As I said on Sunday, I did not come back to visit or to play the testing game. I am here deeply convinced that the civil-political struggle in this electoral process will solve the country's situation. I am here to stay. I have come back deeply convinced that I am going to stay.

Then there is the other side. The Sandinists want a full guarantee that there will never again be a war in the country; however, they do not fully guarantee that the will of the people will be respected. This is not possible. We must be very clear on this. No one, myself included, can guarantee this. All I can do with my example and my determination to be here, is contribute to the civil and political struggle and strengthen what I believe is the best mechanism for solving the national conflict, and that is the upcoming electoral process.

[Reporter] I would like to ask another question on the same topic. I am insisting on the topic because I feel the people must be very sure of their leaders, and as far as I am concerned, Alfredo Cesar is definitely a leader.

Did Alfredo Cesar convince himself that the military struggle was not feasible on 5 February 1988, when the United States withdrew its aid, or on 23 March 1988, when the Sapoa Agreement was signed?

[Cesar] I was convinced before that. I convinced myself that the military struggle was not the solution back in August 1987 when the Esquipulas II agreement was signed. Even though many did not see it, I realized that the military struggle was no longer feasible when that agreement was signed. The agreement clearly stated that war was not the way to solve problems in Nicaragua, El Salvador, or any other country. However, it took months to react to that political event. It was months before the U.S. Congress decided to suspend its aid. However, the U.S. Congress would not have done this had the Esquipulas II agreement not been signed. A few months later the cease-fire was signed in Sapoa. This was a political reaction to an action that truly began the end of the war in Central America. The Esquipulas II agreement, signed by the five Central American presidents, is of great importance in the history of Central America. It will probably take us 50 more years to realize the real importance and meaning of the agreement.[passage omitted]

Defense Ministry Reports Contra Chief Killed

PA1506235489 Managua Radio Sandino in Spanish 1930 GMT 15 Jun 89

[Text] The Defense Ministry has issued a communique reporting the deaths of two counterrevolutionaries, including a contra chief known as Johnson. According to the communique, Johnson and one of his cohorts were killed on 13 June during a contra attack on EPS [Sandinist People's Army] troops.

[Begin unidentified speaker recording] As of 13 June, contra forces continued to attack EPS members and various civilian targets.

On 12 June, a group of mercenaries stole 11 head of cattle in Cano La Tigra, southwest of Rama, in the autonomous southern Atlantic Region. Furthermore, on 13 June, these mercenaries attacked our troops in [name indistinct], northeast of La Pinuela, also in the autonomous southern Atlantic region. Two mercenaries were killed in this attack, including a counterrevolutionary chief known as Johnson. Furthermore, an AK-47 rifle, a knapsack, and a hammock were seized.

Issued by the Defense Ministry Public Relations Directorate on 15 June. [end recording]

Media Directorate Reopens 'La Nacion' Newscast

PA1606025489 Managua Radio Corporacion in Spanish 2300 GMT 15 Jun 89

[Text] The Interior Ministry's Media Directorate today authorized the resumption of the independent radio newscast La Nacion, directed by journalist Guillermo Morales Fajardo.

This newscast was discontinued by the Sandinists when they imposed the emergency law that also discontinued Radio Corporacion's newscast. Morales Fajardo formally requested permission to resume his newscast on 4 May, but he did not receive an immediate answer, although the legal procedures only requires 8 days.

This afternoon the Media Directorate finally notified Morales Fajardo that the resumption of his newscast had been approved.

Government Reports Compliance With Accords

PA1506231489 Managua BARRICADA in Spanish 14 Jun 89 pp 1, 5

[Text] The Nicaraguan Government yesterday morning presented to the National Reconciliation Commission [CNR] an annex to a document noting its compliance with the presidential accords for seeking peace in the region, the creation of a well-balanced Supreme Electoral Council [CSE], authorization for the contras to rejoin the civic struggle, and registration of 21 legalized political parties.

After the meeting, which took place at the Archiepiscopal Curia, in response to newsmen's questions, Vice President Sergio Ramirez Mercado pointed out that the government has promised no new amendments to the election and media laws, as right-wing spokesmen have erroneously stated.

"What the government is willing to do, as President Ortega said to the FRG cooperation minister, is introduce the views of both the government and opposition to improve CSE rules that regulate the entire election process."

After the meeting, Cardinal Miguel Obando y Bravo said that another meeting is scheduled for Thursday, 22 June, to seek a consensus on draft a document to inform the presidents of the region on efforts to comply with the accords.

Obando y Bravo said that the government has presented a document on the steps it has taken most recently within the election process and on Dr Ramirez' call on opposition representatives to "act not as members of political parties, but as CNR members." He noted that the opposition parties presented another document that pointed out that the government has failed to honor all its commitments, "but has actually considered certain amendments for the sake of national reconciliation."

Cardinal Obando y Bravo added that the "government said it is determined to attain its goal of complying with the accords."

"We are involved in a dialogue effort and observing the steps the government has taken and those it will implement," the cardinal added.

CIA Meddling [Subhead]

The revolutionary leader also mentioned articles in THE NEW YORK TIMES and THE WASHINGTON POST stating that President Bush is asking Congress to unleash the CIA to allow it, through its secret apparatus, to meddle shamelessly in the Nicaraguan election process, destabilize it, and do with it what it did not just in Panama, but in other countries, as well.

Ramirez said that the government has adopted a cautious position toward this situation. He added that "we want a clean and free election; one that is respected by other countries and not manipulated by foreign money and the secret apparatus of the CIA, which is trying to distort the electoral process."

He commented on Nicaragua's hope for broad participation by observers from the OAS, the United Nations, the EEC, and other parliaments and political parties. "We hope there will be an observer at each voting table to certify the purity of the elections," he said.

Ramirez urged the representatives of the opposition, namely, Mauricio Diaz of the Popular Social Christian Party [PPSS] and Erick Ramirez of the Social Christian Party, to refrain from using the CNR as a forum to confront opposition and FSLN [Sandinist National Liberation Front] political views, and instead, assume roles as conciliators, which is what they have been called to take on.

Dr Ramirez pointed out that government representatives have presented to the commision an objective report "based on documents, laws, decrees, and administrative provisions that show extensive compliance with the Costa del Sol accords."

He said that "this does not mean that the national reconciliation process has been perfected. In the future, we will need steps by the government and the opposition to gradually create a constructive atmosphere and ensure that these elections do not become just a bitter confrontation among Nicaraguans, but a democratic exercise with all the guarantees contained in the election law. [no closing quotation mark as published]

Mauricio Diaz of the PPSC pointed out that "we are not entrenching ourselves in partisan positions as the opposition within the commission." He added that, to the extent that accords are reached with the government "in direct negotiations to discuss legal and political conditions, we will be contributing toward achieving the reconciliation our country needs so badly."

He supported the position of not turning the commission into an arena for confrontation by pointing out that "we must constructively contribute to the effort of seeking a solution to a situation that afflicts us all."

Taxi Drivers Call Off Strike, Resume Work

PA1506204089 Managua Radio Sandino in Spanish 1200 GMT 15 Jun 89

[Text] As of today, Managua taxi drivers are resuming their services in an operation to determine the profitability of these services. The taxi drivers reached an agreement to take this action last night, following their meeting with Oscar Melendez, deputy minister of construction and transportation, with whom they will meet again today. Some of the taxi drivers do not approve of this decision and are apparently being manipulated because they are urging other drivers not to abide by the decision and to halt all activities.

On the other hand, there are many taxi drivers who believe that this action is not an adequate solution and insist that the negotiations and the struggle to achieve their demands continue. One of their requests is a fuel subsidy. However, Deputy Minister Melendez told them that this is not possible because it would mean a 500-million cordoba expenditure. As part of the negotiations to resolve the taxi drivers' problems, the Construction and Transportation Ministry and the commission representing the cooperatives agreed to carry out an operation today that will determine how profitable it is to have collective taxi drivers.

During the third session of the negotiations, which have been under way for 2 days, the leaders calmly presented their demands to the Construction and Transport Ministry. However, the agreements they approved were rejected by the taxi drivers. Deputy Minister Melendez charged that foreign elements were interfering with the taxi drivers strike and mentioned that a U.S. Embassy station wagon had been seen near the site of the negotiations.

Panama

U.S. Helicopter Crashes Near Chilibre

PA1506223189 Paris AFP in Spanish 2208 GMT 15 Jun 89

[Text] Panama City, 15 Jun (AFP)—Official sources have reported that a U.S. Air Force Black Hawk helicopter crashed and immediately exploded today in Panamanian territory near the Chilibre water purifying plant, approximately 12 km northeast of Panama City.

It is not known how many people were on board the helicopter or if they were killed.

The U.S. Southern Command has announced that it is preparing a report on the accident.

The helicopter was flying over Chilibre in maneuvers that the United States began in Panama last year when relations between the two nations deteriorated.

FDP Officer: Pilot To Blame

PA1606002689 Panama City ACAN in Spanish 2334 GMT 15 Jun 89

[Text] Panama City, 15 Jun (ACAN-EFE)—Official U.S. and Panamanian sources have reported that three U.S. soldiers were killed today when a U.S. helicopter crashed on the highway that links Panama City with Colon.

The military sources and the U.S. diplomatic sources added that the names and ranks of the three crewmembers and the cause of the accident are not known.

According to Panamanian Lieutenant Colonel Pascual Gonzalez, director of Civil Aeronautics, the helicopter crashed on the highway that crosses the isthmus, one of the main highways in the country, after hitting some power lines.

Gonzalez charged that it was "irresponsible" of the North American to fly "so low" and "without advising the Panamanians of their flight plan."

The director of Civil Aeronautics told ACAN-EFE that Panamanian soldiers, led by Major Armando Palacio Gondola, "are cooperating in the rescue operation and helping reestablish normal traffic patterns in the area."

Civil Aeronautic experts went to the area to determine the circumstances of the accident.

Lt Col Gonzalez said that the U.S. Armed Forces "took up combat positions" around the area of the accident until they removed the bodies of the crew. This, he added, caused "panic" among the inhabitants of the neighboring township of Chilibre.

The helicopter, an OH-58 (its civilian equivalent is the "Bell Ranger") crashed while escorting a U.S. military convoy across the isthmus from Fort Clayton, on the outskirts of the capital near the Pacific Coast, to Fort Sherman on the Caribbean side.

A spokesman for the U.S. Southern Command, based in Panama, told ACAN-EFE that the helicopter crashed at approximately 1500 (2000 GMT) near Madden Dam or Miraflores Dam, which provides water to the canal locks by the same name in the northern part of the capital. The U.S. sources said that they are gathering information on the crash to issue an upcoming official communique with details on the accident.

Article Criticizes U.S. Official's Presence

PA1506204189

[Editorial Report] Panama City CRITICA in Spanish on 15 June carries on page 1 an unattributed 100-word article headlined: "'Terry' Kneebone, Panama's Enemy," which states that Terrence Kneebone, the "press attache" at the U.S. Embassy in Panama, is still in the country, actively participating in "seditious and destabilizing" activities, despite the fact that the Panamanian Government declared him non grata in March 1988. The article is accompanied by a picture of Kneebone over a caption stating: "The Panamanian people continue to reject him."

Noriega Denies Cuba-Nicaragua-Panama 'Axis'

PA1506163589 Panama City ACAN in Spanish 1519 GMT 15 Jun 89

[Report by Andreu Claret]

[Text] Las Palmas [Veraguas Province], 15 Jun (ACAN-EFE)—General Manuel Antonio Noriega, commander in chief of the Panama Defense Forces [FDP], denied today the existence of a Cuba-Nicaragua-Panama "axis" as charged by U.S. Vice President Dan Quayle during his recent Central American tour.

"There is no such axis here. For years Panama has provided evidence of its ideological independence," Noriega said in statements to ACAN-EFE during his tour of the country's interior.

During his Central American tour, Quayle said several times that there is an axis or an "antidemocratic triangle" formed by these three countries, which represents, he said, "a threat to peace and democracy in the hemisphere."

The Panamanian military chief and "strongman" answered Quayle's charges by stating that "our relations with the Soviet satellite countries have virtually never existed."

Noriega, however, demanded what he called "Panama's right to self-determination." He added that "if we do not have relations with them (the Americans), we can purchase whatever weapons or equipment we want from any country we want." Shortly before Quayle began his Central American tour, the U.S. press reported that Soviet-made or Cuban-made weapons had arrived in Panama from Nicaragua.

Noriega recalled that "Panama purchased weapons from Europe" following the 1968 coup that brought General Omar Torrijos to power and that this led to a temporary interruption in the supply of U.S. weapons. The United States has imposed economic sanctions on Panama and sent military reinforcements to its bases along the banks of the canal to provoke Noriega's downfall.

Asked about the situation in Panama following the annulment of the 7 May elections in which the opposition claimed victory, Noriega insisted that "the political parties are the ones who should talk among themselves" in order to find what he described as a "political solution" to the crisis.

"We (the military) would end up like a sandwich [as received] if we agreed to talk with the parties," the Panamanian general responded when he was reminded that the opposition is insisting that he is the only valid interlocutor; the opposition refuses to talk with the proregime parties if Noriega refuses to be present during the negotiations.

"The FDP has committed itself to endorsing the results of the discussion among the civilians," the general pointed out. He ruled out the establishment of a military junta, as recently suggested by one of his closest collaborators as a solution to the institutional crisis that will emerge in the country at the end of the current legislative period (1 September).

Noriega said: "We do not believe that it (the creation of a military junta) will be necessary because there are other possible conciliatory measures that can emerge from the Legislative Assembly."

Noriega added that the current negotiations can result in "a lower military profile in Panamanian political life" if the parties make "a political commitment to the people" which, according to him, they currently have from the military.

Gen Noriega visited several towns in the western Veraguas Province and met with local progovernment political leaders, who asked him about the future of the "honestly" elected officials—as one of them stressed—following the Electoral Tribunal's annulment of the elections.

Noriega postponed any direct answer to the "concerns" of local representatives; he promised, however, that "future decisions will be aimed at eradicating a malignancy, just as tumors are removed."

This was one of Gen Noriega's first public tours to Panama's interior. He was accompanied by a colonel, two lieutenant colonels, a mayor, and a military doctor, amid discreet security measures.

He was given a rooster used in cockfights "as fierce as you are, General"—as he was told—and a young hunting dog named "Bush" after the U.S. President. This provoked inevitable jokes by members of his retinue and by Gen Noreiga himself.

Gen Noriega was circumspect regarding the results of the talks he held over the past few days with OAS delegation members, who visited Panama for a second time to promote formulas of dialogue among the contending groups.

"The fact that they heard a different viewpoint is important," he said, referring to the meeting among delegation members, Noriega, and several FDP members last Tuesday, during which they saw a film showing U.S. military maneuvers that had taken place that same day in various Panama City neighborhoods.

During a special session held on 17 May, the OAS condemned Noriega's "abuses" during the past elections and agreed to send a delegation composed of three foreign ministers assisted by OAS Secretary General Joao Baena Soares.

Noriega said that the condemnation was made "before listening to us," and he "thanked" the delegation for its change in attitude. He stressed that after its second trip to Panama, the delegation "has been able to confirm that the problem is due to foreign intervention with colonialist and domineering intentions in a territory which is not theirs (the United States) and which does not promote war."

The delegation concluded its visit to Panama yesterday without finding the "conciliatory formula" with which the OAS had entrusted them. However, the delegation members expressed hope that a "tripartite dialogue" with the participation of the government and the opposition parties, in addition to the FDP, will soon take place.

Discusses Election Annulment

PA1506162089 Panama City Domestic Service in Spanish 1100 GMT 15 Jun 89

[Statement by General Manuel Antonio Noriega, commander in chief of the Panama Defense Forces (FDP), during a working tour through several towns in Veraguas Province, accompanied by Veraguas Province authorities, local and foreign reporters, and FDP General Staff members; date and place not given—recorded]

[Text] Life goes through phases, and we evolve according to those phases. Those phases help us to improve, to become renewed, and to acquire things that sometimes one is unable to acquire during previous phases. Torrijos was determined to obtain certain things, but he died. His cause, however, did not die; it did not die and neither did his goals.

What Buenaventura [not further identified] said is important. Insofar as the homeland's enemies—whether they be in the government or in the opposition—continue to be bad, because their masters order them to be bad, any actions and decisions one adopts will be aimed at eradicating evil. Those decisions will not be made to harm the people but to eradicate evil, just as doctors remove tumors and other bad things.

Along that philosophical line, which is your truth... [Noriega changes thought] You told me this, and I want to congratulate you all for the civic demonstration of your political efforts. The people's determination was stronger than the forces of corruption. The only way they [not further identified] could affect the elections was through corruption; and indeed they used corruption. The elections could have been annulled before. Why? Because before [the elections] we were affected by the influence of foreigners. There is a U.S. citizen in jail here; he was participating in a plot.

In addition to that, we knew before the elections that the United States had given them [the opposition] money. That is why here in Las Palmas, which is so far away from everything else, one could see rolls of bills—as you say—instead of coconuts hanging from palm trees, although I do not see one coconut around here. [crowd laughs]. You saw rolls of $100 bills.

That is the people's true testimony. All of those who sold their vote, betrayed the homeland, or contributed to vitiate the elections—the people know who they are—will end up like Judas, who hanged himself with his 20 coins. Those people will hang themselves from the trees of dignity you planted here as an example for others.

Public Employee Labor Leader Visits Moscow

PA1606025089 Panama City CRITICA in Spanish 14 Jun 89 pp 24, 16

[Text] The 40th session of the Directorate Committee of the International Union of Public Employees [Union Internacional de los Trabajadores de los Servicios Publicos] was held on 5-6 June in Moscow. The session was also part of the 40th anniversary of the organization of over 139 million public employees throughout the world.

Hector Aleman, as secretary general of FENASEP [National Federation of Association of Public Employees], participated in this important World Trade Union Movement event.

Many important topics were discussed during this meeting, and a declaration on Panama is among its conclusions.

The following is the full text of this resolution, which speaks for itself:

Meeting of the Directorate Committee of the International Union of Public Employees:

Declaration on Panama; Moscow, 5-6 June 1989.

We have carefully followed the worsening situation in Panama. The U.S. government recently sent over 2,000 Marines and new military equipment to join the more than 10,000 men that are permamently stationed on U.S. bases in Panama, for the purpose of being prepared for a future armed intervention.

These coercisve military measures are in addition to the acts of aggression that the United States has been waging against Panama since 1987, with the clear purpose of not complying with the Torrijos-Carter treaties, which include, among others things: diplomatic, commercial, and economic aggression; undue appropriation of the Panamanian people's property; and a campaign of disinformation at the national and international level.

When it saw that its stragey against Panama was not working, the United States tried to isolate Panama and topple its government—without ruling out murdering its leaders.

The United States is attempting to use the OAS to perpetrate political and economic blackmail against Panama by setting all the other American governments against it, thereby justifying its next interventionist step.

The International Union of Public Employees' board of directors strongly condemns all U.S. actions against the heroic Panamanian people and workers, and expresses the union members' solidarity with their counterparts in Panama's public employee unions, and all workers in Panama who are waging the difficult struggle to defend their interests from foreign invaders and destabilization, and in favor of liberation and national sovereignty.

We urge all public employee unions, regardless of their positions and international connections, to support the Panamanian workers' struggle by redoubling their actions of solidarity with the Panamanian people in every possible way, even by persuading their respective governments to not allow themselves to be used by the empire to perpetrate actions against Panama.
Board of Directors
International Union of Public Employees

Ties With Communist Countries Expanded

PA1506193889 Panama City La Voz de Panama in Spanish 1700 GMT 14 Jun 89

[Text] The Panamanian Government is strengthening and opening new ties with Cuba, the USSR, and other communist countries to face a stern U.S. economic and diplomatic blockade and the growing deterioration of its relations with neighboring Latin American countries.

Last weekend, Panamanian President Manuel Solis Palma visited Cuba, where he met with his counterpart Fidel Castro and with PRC Foreign Minister Quian Qichen. Simultaneously, Yuriy Vislosov, commercial attache at the Soviet Embassy in Costa Rica, concluded a visit to Panama. Vislosov announced an increase in trade between the two countries and the opening of credit lines for the Panamanian Government.

Panama and the USSR have not established diplomatic relations; however, this year the Panamanian Legislative Assembly ratified a bilateral trade agrement. The Panamanian Presidency recently announced that it will soon open a consulate in Moscow to strengthen trade relations between the two countries, which have been very limited so far.

Panama does not have diplomatic relations with the PRC either, and it is also one of the few countries in the world having an embassy in Taipei. Taiwan has numerous economic and political interests in Panama. According to the XINHUA news agency, Solis Palma and Quian Qichen held a friendly meeting in Havana and exchanged views regarding the future development of friendly ties between the two countries as well as Chinese-Panamanian relations.

Solis Palma's administration has had to diversify its international relations due to U.S. aggression against Panama. For the past 16 months, Washington has maintained severe economic and trade sanctions against Panama, including an embargo on the payments related to the joint operation of the canal as part of the measures to force the withdrawal of General Manuel Antonio Noriega as commander in chief of the Panama Defense Forces.

According to a poll, Solis Palma's visit to Cuba was an unnecessary expense, considering the country's grave economic crisis; his visit, according to the poll, is regarded as a government strategy to maintain good relations with communist countries. [passage omitted]

Manfredo Says OAS Must Get Sides To Agree

PA1506231989 Panama City Telemetro Television in Spanish 2300 GMT 13 Jun 89

[Text] Fernando Manfredo, deputy administrator of the Panama Canal Commission, has stated that the OAS must get the sides in conflict to come to agreement. Such agreement, he added, must result in a government the priorities of which include economic reactivation.

[Begin Manfredo recording] The big tasks that lie ahead for the government scheduled to take office on 1 September cannot be ignored. For example, that government will have to implement an emergency plan whose top priority will be to prop up businesses that are about to close or go bankrupt. The new government will have to implement a social welfare program to help victims of the current economic crisis. This program would restore the quality of public services that have deteriorated in this country. These must be measures that are easy to take, can be implemented within a short time, can be adjusted to available resources, and, most importantly, have a positive impact on the people. In addition, the new government will have great responsibilities. One of them is to develop a reactivation plan for the country's economic and social development. I am not speaking of the beautiful plans we have seen for many years with very important, but unrealistic, ideas. This must be a plan with a realistic basis.

Furthermore, the government will have to decide what to do about the foreign debt. It will have to decide on important issues. For example, it will have to outline its policy on privatization. This is something that must be examined.

During the new government's 5-year term, the United States could come up with a proposal for extension of the military bases in Panama. If this happens, it will have to seriously study such a proposal.

A national agreement must prompt us to work together. No one has the right to assume exclusive responsibility over the fate of this country. However, at the same time, no one has the right to exempt himself from such responsibility. We either straighten out this country together or not at all.

Political Parties To Hold Formal Meeting

PA1506153889 Panama City LA ESTRELLA DE PANAMA in Spanish 15 Jun 89 pp A-1, C-8

[Text] It was unanimously approved yesterday that a large-scale meeting for a national concerted effort, without any prior conditions and with decisions made through consensus, will be held. It was determined that the first formal meeting will be held on Friday, 30 June.

It was agreed that the meeting will take place in a private location in Cerro Azul, Panama City.

Present at the meeting were: On behalf of the National Action Party (PAN), Marco Cordova and Mirla Diaz; on behalf of the Labor Party (PALA), Armando Aizpurua and Alberto Velasquez; on behalf of the Democratic Workers Party, Eduardo Rios and Clifton Bonner; on behalf of the Liberal Party, Dario Gonzalez de la Barrera and Carlos Orillac, Jr.; on behalf of the Authentic Arnulfist Panamenist Party [PPAA], Diogenes Sagel; on behalf of the People's Party, Ruben Dario Souza and Miguel Porcell; on behalf of the Revolutionary Panamenist Party, Mayda Arango; on behalf of the Republican Party, Leopoldo Alguero and Jorge Young; and on behalf of the Democratic Revolutionary Party, Reynaldo Rivera.

A PPAA source reported that "the participation of the Christian Democratic Party, MOLIRENA [Nationalist Liberal Republican Movement], and the Authentic Liberal Party has not yet been possible," but he added that "it is expected that these parties' national leaders will adopt a patriotic stance, leading toward the reconciliation of the Panamanian people and the setting aside of all private interests of sectors or parties prior to 30 June, the date set for this large-scale meeting for national agreement."

Yesterday's meeting, which led to this initial consensus for a national concerted effort, "is the result of the concern and patriotic interests of [former Authentic Panamenist Party presidential candidate] Hildebrando A. Nicosia," the source concluded.

Cordovez Suggests Tripartite Solution

PA1606002289 Madrid EFE in Spanish 2309 GMT 15 Jun 89

[Text] Quito, 15 Jun (EFE)—Ecuadoran Foreign Minister Diego Cordovez denied today that the Organization of American States (OAS) mediation mission for the Panamanian conflict has failed. He noted that the situation in that country is "complex" and does not permit achieving results "in barely 2 or 3 days."

Foreign Minister Cordovez returned from Panama last night, after remaining there for several days as the head of an OAS mediation mission, which also included his Guatemalan colleague Mario Palencia, Sahadeo Basdeo of Trinidad and Tobago, and OAS Secretary General Joao Baena Soares.

In statements to newsmen, Cordovez said "it is absurd to draw conclusions and hardly realistic to report what the talks have achieved after barely 2 or 3 days."

He added that "Panama is experiencing circumstances of great tension" and political leaders "face a difficult time in view of recent developments."

In this context he said that "the participation of a group of friendly countries to solve the problems of that republic are very positive" and noted that the problem has gone from a stage of general discussion to a more specific phase.

Nonetheless, he said that this stage is also "difficult" because of concern for respect of the principle of nonintervention. The proposals are friendly, but very respectful in that it contends that it is the Panamanians who should find the solution to the conflict."

The Ecuadoran foreign minister said that the OAS mission suggested several ideas on how the Panamanians should analyze the crisis. He requested a tripartite solution drawn from the government, the opposition, and the military sector.

He noted that in Panama, it is necessary to hold negotiations among all political sectors and the Armed Forces to define "a new relationship among them."

He also said that the presence of the OAS mission demonstrates the urgency for establishing negotiations and dialogue. A term ending on 1 September was established, the date when the current term that began in 1984 ends, according to the constitution.

Warns of 'Dangerous' Stage

PA1606034889 Paris AFP in Spanish 0258 GMT 16 Jun 89

[Excerpt] Guayaquil, Ecuador, 15 Jun (AFP)—After returning from his mediating role in Panama, Ecuadoran Foreign Minister Diego Cordovez said that if a dialogue does not take place among the government, the opposition, and the Panama Defense Forces, the country will enter an "extraordinarily dangerous" stage.

Cordovez, who was one of the members of the commission appointed by the OAS to help find a solution to the crisis in that country, ruled out the possibility that the canal treaties constitute "a controversial aspect" in the Panamanian crisis.

He characterized as "positive" the efforts undertaken in the past 4 days by the commission, which included Mario Palencia and Sahadeo Basdeo, his counterparts from Guatemala and Trinidad and Tobago, respectively, and OAS Secretary General Joao Baena Soares. [passage omitted]

PRD Secretary General Insists on Dialogue

PA1506223789 Panama City Telemetro Television in Spanish 2300 GMT 14 Jun 89

[Interview with Darinel Espino, secretary general of the Democratic Revolutionary Party (PRD), by unidentified reporter; date and place not given—recorded]

[Text] [Espino] Panamanian society is comprised of many political parties, political organizations, and civic organizations. However, political parties are the basic organization. Therefore, one cannot expect the Panamanian political problem to be solved by the opposition meeting with the Panama Defense Forces, as this would go against democracy itself. We believe that the answer must be found among the political parties, who should jointly seek an adequate answer to our problems. The PRD has reiterated the need for a constructive national dialogue in which we bear in mind national development. We hope that Panama and the Panamanians receive an adequate answer to their expectations for development.

[Reporter] The efforts by the OAS efforts have been described as difficult. Some even claim they have failed. What is your opinion?

[Espino] Speaking for COLINA [National Liberation Coalition], we have always been willing to hold dialogue. In every meeting we had with the OAS, we reiterated the need for dialogue. We have reiterated the basic requirement that the aggression against our people be lifted; we Panamanians are quite capable of solving our own problems. From this point of view, we believe that the OAS is contributing toward a dialogue among all Panamanians.

Meanwhile, the other party is very stubborn, which we do not consider the way to solve our problems. We Panamanians must find a Panamanian formula for solving our own problems.

Endara Says ADOC Willing To Hold Dialogue

PA1606000089 Panama City Telemetro Television in Spanish 2316 GMT 15 Jun 89

[Text] Guillermo Endara, Panamanian opposition presidential candidate during the 7 May elections, has said that the opposition accepts the tripartite dialogue proposed by the OAS delegation to solve the Panamanian crisis.

[Begin recording] The ADOC [Civic Democratic Opposition Alliance] thinks dialogue should be held between civilians and the military. The civilians should be represented by the undisputed winners of the elections, that is to say, the ADOC presidential ticket. I must say, however, that if the military wants to be accompanied by civilians—the COLINA [National Liberation Coalition] presidential ticket—during the dialogue, this could be discussed. Our position on this is not adamant. We could accept their participation in the dialogue this way. Of course, we would appoint a delegation to the dialogue with the same number of members as theirs. Unfortunately, we have no reports of the military position. As far as we know, they have not agreed to talk to us.

It has not been reported to us that the military agrees to participate in this dialogue. For all practical purposes, we understand they have refused. Nevertheless, we are willing to sit down and talk with the military immediately. [end recording]

Labor Leader Calls for Changes in Government

PA1506194689 Panama City Circuito RPC Television in Spanish 2300 GMT 14 Jun 89

[Text] Leaders of progovernment labor organizations have suggested the need for reorganizing the government as a means of solving the country's problems. FENASEP [National Federation of Associations of Public Employees] leader Juan Antonio Samudio has said the following:

[Begin Samudio recording] As a result of the situation that developed after 7 May [date of the Panamanian elections], what we have in the country is a provisional government that will wait until 1 September before reaching a decision. What we say is that the government must be completely reorganized. New people must be appointed; people who want to do what the workers want them to do. The government must respond to the interests of the people. Here in Panama, there can be no changing faces for the sake of changing faces. What we need are people who represent every sector, even people from the opposition who are sincerely interested in a democratic solution to the country's problems. [end recording]

Samudio said that the document signed by the progovernment labor organizations has not been sent to the Executive Branch but that the suggestion to reorganize the provisional government also includes establishing a constituent assembly to represent all sectors.

[Begin recording] We can no longer accept the same vices, the same faces. This is being condemned at the national level; it has been repudiated by all sectors. We must listen to these demands. We cannot continue to work on the basis of political openings. What we have here is a new situation and a provisional government. We need a complete reorganization. We can no longer have a government where each political party demands four positions. It must be a government that includes all sectors, even—and I repeat—members of the opposition who advocate democracy, a democracy where everyone puts his best efforts forward so that we can overcome the situation we are facing and solve domestic political problems. [end recording]

Herrera Sworn In as Acting IRHE Director

PA1506135289 Panama City CRITICA in Spanish 15 Jun 89 pp 1, 12

[Excerpt] Ovigildo Herrera was sworn in as acting director general of the Institute of Hydraulic Resources and Electrification [IRHE] during a ceremony at the Commerce and Industries Ministry yesterday. Herrera, who was IRHE's deputy director general, was appointed to this important position after 22 years of service with IRHE.

A decree signed by Manuel Solis Palma, minister in charge of the Presidency, appointed Herrera to this position. Lieutenant Colonel Ricardo Garibaldo, former IRHE Director General, has returned to the Panama Defense Forces.

Commerce and Industries Minister Isaac Hanono, who is also president of the IRHE Board of Directors, endorsed the appointment, emphasizing Herrera's qualifications as a solid Torrijist and Democratic Revolutionary Party member. [passage omitted]

Editorial Says Quayle Good at 'Dissociation'

PA1606003989 Panama City MATUTINO in Spanish 15 Jun 89 p 4

[Editorial: "The Mission of Mr Quayle"]

[Text] When the television cameras of the world focused on Dan Quayle, who had been nominated by the Republican Party for U.S. vice president, the world thought that when elected, no mission could ever be entrusted to this test-tube baby and have any possibility of being halfway successful. Such was the opinion of total inefficiency that everyone had about him. His only merit was his connection to high financial circles—also Reagan's political background—and therefore the political heritage that sponsors the tremendous mistakes Mr Bush is making.

However, those who harbored the idea that Quayle was not capable of carrying out any mission—no matter how simple—were completely mistaken, inasmuch as Reagan's pupil did not take long to find the line of work that Quayle can serve and serve well.

This line of work is dissociation. The young vice president is very good at that. His boss and coaches are very pleased to see how well he is doing during his Central American tour. The goal is entirely one of frightening, threatening, deceiving, and trying to bribe the countries in the area, and thus take precautionary measures in the event the OAS dares to learn the truth of the Panama situation and dares to say that the U.S. Government is responsible for everything that is happening here, since the days of Reagan and right up to the days of Mr Bush.

Quayle's promises of gifts, of forgiving debts, of future financing, and of better relations are being made at the same time the commission members are working in Panama. The commission members are here, viewing the threatening presence of U.S. soldiers armed to the teeth and their combat planes flying low through the skies of Panama to loudly announce their presence. This is the United States' way of telling the commission members not to dare offend their interests, not to even think of it, because Mr Quayle is taking care of the rearguard, of conditioning the thoughts and psychology of the rulers in their respective countries so that any attempt to do justice in Panama will be weakened.

In this manner, the boy that was apparently good for nothing will have shown that he is good for doing evil, for dividing Latin America, and for trying to pave the way that will promote submission. Mr Quayle is very good at that.

Newspaper Publishes Alleged U.S. Plot
PA1506235089

[Editorial Report] Panama City CRITICA in Spanish on page 1 of its 15 June edition reprints a "terrifying document that reveals the machinations of the United States to destroy Guatemala's economy and social peace." The newspaper added that the document, entitled "Bullets and Ballots," is "simply a strategy similar to the one being applied in Panama," and is part of "a game," the "ultimate goal" of which is domination of Central America. The newspaper added that "the intelligence and counterintelligence program prepared by the U.S. Government against Panama several years ago to destroy our nationalist struggle is the same one" being applied in Guatemala "to destroy that friendly Central American nation's peace and economy within 3 months by dint of sacrificing the Guatemalan people."

The document, published in English with Spanish translation, reportedly involves "a theoretical exercise" during which "strategic sessions" are held by "teams of five men," who make decisions and "prepare the groundwork for the Guatemalan elections." Furthermore, "the plans include the preparation of false communiques" which have been reportedly issued by the Guatemalan Government, "intelligence reports from the United States, and communications with Soviet and Cuban guerrillas, within a disinformation war."

The newspaper warned that "if it is proven that the Panamanian nationalist struggle can be defeated, the plans will be carried out against Guatemala" and "other Central American countries, including Nicaragua," thus "unmasking the U.S. Government's plans to subvert us economically, politically, and militarily before the end of the century."

The same newspaper published a cartoon depicting Uncle Sam riding a U.S. Army tank, brandishing a stick, and shouting "Bang. Here I go again. First Panama, now Guatemala, and later America." The tank is depicted rolling across the upper portion of the Guatemalan map, with a pole holding the U.S. flag shown embedded in the central part of the country, which is streaming blood over the rest of Central America. The cartoonist's character, a little mouse, is depicted looking on and commenting: "The gringos' madness has runneth over."

Argentina

Menem To Assume Presidency on 8 July

PY1506222489 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2200 GMT 15 Jun 89

[Text] Buenos Aires, 15 Jun (NA)—It was agreed tonight that Congress will accept President Alfonsin's resignation on 30 June. However, Alfonsin will continue to exercise his presidential duties until 8 July, the day Carlos Menem will assume the Presidency.

This was announced tonight by the joint Peronist-UCR [Radical Civic Union] committee for the transfer of power [comision conjunta Peronista-Radical para la transicion].

Menem: Alfonsin Suggested Amnesty Issue First

PY1506153589 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1214 GMT 15 Jun 89

[Excerpt] Buenos Aires, 15 Jun (NA)—In statements to the newspaper AMBITO FINANCIERO, President-elect Carlos Menem said that President Raul Alfonsin "presented" him with a draft decree pardoning the military officers and asked him to sign it, but he declined to do so.

"When I met with President Alfonsin in the Olivos presidential residence, he showed me a draft bill he had already signed pardoning the military officers, and he wanted me to endorse it with my signature," Menem said.

When asked if the pardon was meant for the former military junta members and the officers who participated in the Villa Martelli and Holy Week uprisings, Menem answered: "I think it included all of them."

"It was an amnesty for the military officers and it carried Alfonsin's signature and a space for my signature; that is, it was just like a document with his signature he had sent to me at La Rioja with Terragno," Menem said.

Menem then added: "I refused to sign it. I told him to consult with the Justicialist Party because it is a very important matter.

Menem added: "And you know what he told me? He told me: Do not consult with the party because it will never approve it."

"I have never mentioned this before, and it remained a secret," Menem said, adding: "However, nobody can say that the Justicialist Party, its men, or the president-elect pressured or were the first to refer to the military subject in the transition talks, or much less that this led Alfonsin to make his decision." [passage omitted]

Menem on Economic Policies, Other Issues

PY1606035289 Rio de Janeiro Rede Globo Television in Portuguese 0245 GMT 16 Jun 89

["Exclusive" interview granted by President-elect Carlos Menem to Rede Globo reporter Alvaro Pereyra at La Rioja Government House, no date given—reporter speaks in Portuguese, Menem answers in Spanish fading into Portuguese translation]

[Text] [Pereyra] President Alfonsin is resigning the Presidency because, according to him, the Argentine economic crisis demands permanent solutions. How do you intend to tackle this economic crisis with your new government?

[Menem] Throughout our electoral campaign we have called for the reactivation of production through a socioeconomic and political agreement among the sectors in charge of production; that is, the workers, the businessmen, and the government. We want to get rid of the habit of speculating and replace it with the habit of working and producing. That is why my cabinet is not formed only by Peronists. It includes representatives of various sectors of society, because we want to establish a national unity government.

[Pereyra] The country will be suffering from hyperinflation when you assume the Presidency. The inflation rate could be more than 100 percent in June. Do you hope to reach this agreement during your 1st month in power?

[Menem] Yes, as soon as we undertake the responsibility of governing the country. Almost all sectors of our society agree on this point. The appointment of the economy minister resulted from an agreement between national and foreign business sectors. The labor minister was proposed by the workers. Therefore, these two very important sectors of our society are already working on the program we are going to implement.

[Pereyra] Argentina stopped paying interest on its foreign debt some time ago; it has adopted what one would call a tolerated moratorium. Do you intend to maintain this moratorium, or do you intend to resume dialogue with the international creditors?

[Menem] We are already talking with our international creditors. The men and governments might change, but the commitments undertaken must be honored. Therefore, we are going to talk with our creditors, and this also goes for Brazil and other Latin American countries. The creditors must understand that they will only be able to collect the debt as our countries grow and develop. If there is no growth and no wealth, it is quite unlikely and even utopian to believe that the debtors will be able to honor their debts. We are willing to honor our commitments, but we also want to renegotiate our debt with grace periods, discounts on the payment of interest, moratoriums, all sorts of negotiations. This will be one of the new government's main concerns.

[Pereyra] Is the replacement of the austral part of your economic program?

[Menem] It is one possibility.

[Pereyra] The austral has lost all credibility...

[Menem, interrupting] We are practically without a currency right now. The minimum salary of Argentine workers does not even reach $22 or $23 per month. They are earning the lowest salaries in the world at this time. We will implement a policy of austerity. We want to increase our reserves and reduce our public spending. We supported the present government in this respect. One of the measures included the privatization of radio and television stations. But Congress has to approve the new radio broadcasting law before we can begin our privatization program.

[Pereyra] Will your government grant amnesty to Armed Forces officers for crimes committed during the military regime?

[Menem] We are not contemplating anything on the matter at this time.

[Pereyra] Then, do you admit that your government could grant such an amnesty?

[Menem] No. We are not planning anything of the sort.

[Pereyra] What is your position regarding the Malvinas Islands? We know you support negotiations.

[Menem] Yes. As long as the issue of sovereignty is not part of the negotiations. We will resort to all international forums to urge implementation of UN resolutions on the issue. The United Nations approved a resolution on decolonization in 1965. The Malvinas Islands are part of this process of decolonization. The islands were usurped by the British crown in 1833. I do not see any problem in a dialogue with Mrs Thatcher if necessary; that is, if she recognizes our sovereignty over the island. We are ready, for instance, to suspend the state of war in the South Atlantic.

[Pereyra] Will you maintain the program of economic integration that was launched by Presidents Sarney and Alfonsin? Do you think we can create a Latin American common market?

[Menem] I support not only maintaining the process but improving it. We need to strengthen trade between Argentina and Brazil and between our two countries and Uruguay, Paraguay, and other regional countries.

[Pereyra] How would you like to be remembered? Would you like to be remembered as the heir of General Peron?

[Menem] I consider myself a disciple of Gen Peron. Peron said that his only heir was the people, and the people elected me president. I want to be remembered as a good president, simply a president that was friendly to his people and who did something for his fatherland and Latin America.

Future Labor Minister on Economic Measures

PY1606011289 Buenos Aires BUENOS AIRES HERALD in English 15 Jun 89 p 11

[Text] Future Labour Minister Jorge Triaca yesterday disclosed new economic measures whereby state and private sector workers would be "temporarily" paid weekly salaries to be hiked in line with inflation and to be enforced as soon as the Peronists take office.

At the same time, Triaca announced that his ministry will be formed by representatives from different labour sectors and several businessmen "in order to achieve administrative balance."

In statements made following a meeting with current Labour Minister Ideler Tonelli, Triaca referred to the main problems facing him in the future and cited the collective wage bargaining agreements as an important example while he praised his predecessor for his achievements in the field.

Future Public Works Secretaries Named

PY1506154089 Buenos Aires DYN in Spanish 0050 GMT 15 Jun 89

[Summary] Buenos Aires, 14 Jun (DYN)—Public Works and Services Minister-designate Roberto Dromi today announced that he has designated the following future secretaries: Rodolfo Barra for public works; Raul Otero for communications; Jorge Rais for river resources; and Julio Cesar Araoz for the energy secretariat.

11 Arrested Under State of Siege Decree

PY1506040289 Buenos Aires TELAM in Spanish 2157 GMT 14 Jun 89

[Text] Buenos Aires, 14 Jun (TELAM)—The Interior Ministry reported today that 11 people in Neuquen Province were arrested and placed at the disposal of the Executive Branch.

The Interior Ministry reports that in view of what was requested by Neuquen Governor Pedro Salvatori in radiogram No 1668, of what is explained in the radiogram, and of the enforcement of Decree No 23662, the executive branch, in compliance with what is established in Article 23 of the Constitution, hereby arrests the following people through Decree No 816 [state of siege decree] issued on 13 June 1989.

Christiansen, Alnelo Alcides: Argentine, MI (Identification Card) 11777031, with residence at 480 Rivadavia Street;

Lopez, Eduardo: Argentine, MI 11753618, with residence at 115 Tucuman Street;

Perexra, Manuel Segundo: Argentine, MI 11742909, with residence on Chiquilihuin Street;

Zambon, Julio Cesar: Argentine, MI 7614120, with residence at 12800 San Martin Street;

Lagunas, Francisco: Argentine, MI 6870901, with residence in the Centenario neighborhood;

Arriagada, Luis: Argentine, MI 14178233, with residence on street no 6, block no 115, house no 20 in Villa Ceferino;

Coria, Julio Antonio: Argentine, MI 13185017, with residence in the 450 housing development neighborhood; apartment no 10 Cutralco;

Grani, Carlos Colen: Argentine, MI 11929616, with residence in block no 86, duplex 10 in the San Lorenzo neighborhood;

Vidal, Alberto Ramon: Argentine, MI 8377879, with residence on Ceferino Namuncura Street in the Don Bosco neighborhood;

Mendez, Sergio: Chilean, DNI [National Identification Document] 92036532, with residence at Roca Avenue and 9 de Julio Street, Cutralco;

Yanez Garcia, Juan Guillermo: Chilean, DNI 923249090, residence not known.

Brazil

Argentina Requests Extradition of 16 Terrorists

PY1506171489 Sao Paulo FOLHA DE SAO PAULO in Portuguese 13 Jun 89 p A-9

[By Brasilia agency]

[Text] The Argentina Government has sent to Brazil a request of preventive imprisonment for the extradition of 16 people (14 Argentines and 2 Frenchmen) charged with belonging to the "All for the Fatherland" terrorist group. The men are believed to have taken part in the attack on the La Tablada military unit in Buenos Aires Province last January.

At the Argentine Government's request, Fernando Carlos Falco was arrested on 9 June. He remains in custody in Federal Police quarters in Brasilia, and he is waiting the extradition ruling, which will be made by the Federal Supreme Court (STF).

Damian Mague, another Argentine who was also involved in the La Tablada attack, was arrested with Falco on the same day. Mague was released because the Argentine Government did not request his preventive imprisonment, the STF said. In Falco's case, the Argentine courts have 45 days to send the STF a copy of the legal case against him. The trial will be based on the legal extradition requisites and not on the criminal accusations against Falco.

Daily Devaluation of New Cruzado Announced

PY1506151889 Brasilia Radio Nacional da Amazonia Network in Portuguese 1030 GMT 15 Jun 89

[Text] Beginning today, the new cruzado will be devalued daily based on the IPC [Consumer Price Index].

With this new rule, the government is establishing the use of the IPC to index the dollar exchange, financial markets, and tax monetary correction operations. The situation thereby returns to the way it was before the Summer Plan was launched.

The corporate income tax will be indexed by the Full BTN [National Treasury Bonds], which carries a monthly monetary correction.

Other taxes and contributions like the IPI [Industrialized Products Tax], the Fin Social [expansion unknown], and the PIS/PASEP [Social Integration Program/Civil Servants Welfare Fund], will be corrected by the Fiscal BTN [BTN-Fiscal], which is corrected daily.

Given these new rules, Finance Minister Mailson da Nobrega expects to end rumors and speculations.

[Begin da Nobrega recording] The markets and [word indistinct] additional sectors have become unstable due to climbing inflation. We hope to restore calm to the markets with this new, clear indexation rule, just as it was before the Summer Plan was launched. [end recording]

The minister ruled out the creation of a so-called double exchange rate, with a different exchange rate for export operations. Several sectors, like the soy bean and cocoa exporters, have been pressuring the government to adopt this double exchange rate system, but Minister Nobrega thinks that it will bring chaos to the economy.

Uranium Supply Agreement Signed With Urenco

PY1506213789 Sao Paulo O ESTADO DE SAO PAULO in Portuguese (Economics Section) 14 Jun 89 p 4

[Excerpt] Rio de Janeiro—The Brazilian Nuclear Industries [INB] [formerly NUCLEABRAS] Company has signed an agreement with Urenco (a joint venture formed with German, Dutch, and British capital) for processing uranium supplied by Brazil. The uranium will be enriched and sold back to Brazil for use in the Angra I, II, and III nuclear plants. The amounts will be determined by Brazilian demand, and the prices will follow the international market. The new contract supersedes another that was signed in 1976 which provided for the supply of fixed amounts of enriched uranium. This contract was suspended in 1981 in view of the delay in concluding the construction of Angra II and III.

Urenco Trade Director J.A. Paleit, a German, came to Brazil to sign the new contract. Paleit yesterday said that his firm did not fine Brazil for interrupting the purchase of uranium, as provided by the old contract. He said he hopes that with the revision of the Brazilian nuclear program—which provides for Angra II and Angra III to begin operation in 1994 and 1996 respectively—the first 16-ton cargo of enriched uranium for the third recharge of Angra I will arrive in Brazil in 2 or 3 years.

According to INB President John Formann, the new contract is better in that Brazil will not need to determine ahead of time the exact amount of uranium it will need. Even though the final price will be determined by the market, Foremann estimates that the first uranium shipment for Angra I will cost Brazil close to $12 million. [passage omitted]

* Successful Launching of Sonda IV Detailed

33420061 Rio de Janeiro MANCHETE in Portuguese 13 May 89 pp 120-122

[Text] With one more launch as successful as that of Sonda IV, fired off last weekend at the Barreira do Inferno launch base close to Natal, RN, Brazil will be ready with its rocket launcher within the year. The launches of the Sonda IV family, set at five in number and designed to perfect Brazilian space vehicles, should be completed with a new space trip next May. The good news is that everything is going well, both on the ground and in space. It is going so well that Brazil is already being viewed abroad as a future supplier of services for putting satellite services into orbit, such as those for telecommunications, data gathering and remote sensing, in addition, obviously, to those for military applications, also built in Brazil by the National Institute for Space Research (INPE) at Sao Jose dos Campos, SP.

Descriptive parameters of the Sonda IV performance include its height, 11.5 meters (about the height of a five-storey building), its weight, 7.3 tons at takeoff, and the fact that it climbed in a straight line to an altitude of 820 km with no hitches. Since it is two-stage, with a working cargo of 500 kg, comprised of instrumentation that sends flight performance data to earth stations, the rocket needed only 16 minutes to achieve target altitude. This target altitude, it should be noted, is higher that the level needed to put the service satellites into orbit. Sonda IV took off at about 3,000 meters per second despite its more than 5 tons of motor propellants.

The operation, called Rio de Janeiro, was designed to make further tests of some components developed by Space Activities Institute (IAE) technicians, also at Sao Jose dos Campos, SP. There was a 25-hour delay in the launching due to bad weather. Interestingly, it was the same set of unfavorable weather conditions that delayed the Atlantis space bus launching at Cape Canaveral. There was heavy rain in Natal on the 27th, the date set for blastoff. The cloudy conditions would have created turbulence during the rocket's climb, and could have caused it to stray from its trajectory, which would have caused the computer that tracks its performance to destroy it in flight. And the tests were very important. The countdown, also controlled by computer, was interrupted, frustrating those who had been especially invited to the launching, among them the minister of aeronautics, Brigadier Moreira Lima. But, from the looks of engineer Jayme Boscov, the father of the Sonda rocket family, called the Brazilian Von Braun by his friends, it appeared that everything would go well the next day. And it did, in spite of the fact that cloudy conditions persisted at the launch site.

The Sonda IV tested a series of innovations, such as the use of a hydroxilized propellant for the motors, which measure 1 meter in diameter. The propellant was of 99-percent national design.

Tests were also made of a newly designed type of valve, developed to be more efficient than those used on board previous Sondas. The new type made it possible to reduce the number of valves from 20 to 12. In the opinion of technicians, it was an unexpected success. They were also successful in verifying the utility of a system of movable tubing, equipment that is highly critical in rockets, since it is this system that executes the steering of the second stage of the Sonda IV. Also tested was a reciprocal inertial platform, also researched and developed by the Boscov team, and responsible for piloting the entire flight. The second stage, upon reaching its apogee of about 820 km in altitude, plummeted into the ocean, as planned, about 600 km from Natal.

This fourth test of the five that are planned has already demonstrated the operational capabilities of the rocket and its systems and components, all of them to be used in the Satellite Launch Vehicle [Veiculo Lancador de Satelites] or VLS, as it is called. Actually, this fifth generation of the Sonda family will have added, most importantly, three additional thrust motors mounted on the vehicle's base in a cluster, which, with the Sonda IV rocket engine that was used in the present flight, constitute the prototype for the satellite launcher.

The launch also attested to the efficiency of the personnel and the earth instrumentation. The telemetry station precisely monitored the entire flight, receiving data emitted by the onboard working cargo, and transmitting them to the battery of computers for performance analysis. Also, the precision radar system—at Barreira do Inferno there are two, should one fail—monitored the entire ascent, the achievement of apogee in outer space, and the descent of the stage through to its ocean landing. The radars are part of the flight security sector, and not only track the ascent and descent routes, but also, in the case of any deviation from trajectory, trigger the self-destruction equipment on board the rocket.

According to the minister of aeronautics, the new launch base at Alcantara, in Maranhao, will probably be ready this year. Some of its buildings, such as those for telemetry, meteorology, approach radar, sound-balloon preparation, precision radar, and microwave are already built, and require only the installation of equipment. This does not mean, though, that the launch base at Barreira do Inferno will be deactivated. It is very important. So important that France uses its services to monitor the launches of its Ariane rockets from the base at Kourou in Guiana. Also, precision vehicles, of the same size as Sonda IV,, will continue to be launched there, and its services will be leased to friendly nations. Like the base at Alcantara, Barreira do Inferno has a special significance understood only by technicians and insiders: Since it is located on the equator, the launching of vehicles to be put in orbit from there involves a 25-percent saving in fuel consumption; that is practically a quarter of the weight of the engine propellant, allowing more space for working cargo or for heavier satellites. Sonda IV, it should be remembered, was the largest rocket yet built in Brazil. It is in the class of the space vehicles of the nations belonging to the exclusive cosmic club, of which Brazil is already a member. In spite of a great deal of justifiable international resistance. With a little more time and a slightly expanded budget for the development of space technology (which no one sells nor shares), Brazil will pass from being a buyer to a seller, and then to a competitor, including the military applications sector.

Chile

Pinochet Calls 30 July Constitutional Plebiscite

PY1606025689 Santiago Television Nacional de Chile Network in Spanish 0036 GMT 16 Jun 89

[Speech to the nation by President General Augusto Pinochet from La Moneda Palace in Santiago on 15 June, during signing ceremony for decree calling a plebiscite on constitutional reforms—recorded]

[Text] Members of the honorable Government Junta; ministers of state; comptroller general of the Republic; president of the State Council; generals and admirals; under secretaries; representatives of political parties and of business, labor, and student sectors; fellow countrymen:

Since 11 September 1973, when the Armed Forces and Carabineros took over the country's leadership, it has been said that the task undertaken would not represent a mere parenthesis in Chile's history. Our government's main objective has been to establish an institutional system that would allow Chile to face the great challenge of modern times; that is, to live in democracy, to progress, and to develop fully. This, precisely, was the main goal set by the government of the Armed Forces and Carabineros when it took over the country's leadership. As a consequence, one of the government's first acts was to request that a select group of experts in constitutional matters draw up a new constitution that would take into account the experience of the previous governments, including that of the last government of the United Left, which had seriously damaged the country.

The Constitution drawn up by those experts was approved on 11 September 1980 by a great majority of the citizenry and was enacted on 11 March 1981. This Constitution has been partially implemented for the past 8 years. We have realized that some measures could be implemented differently and, what is more, that people could misinterpret the good intentions of the Constitution.

Therefore, in my 11 March speech, I commented on points of the Constitution that could be amended without altering its true essence. On that occasion I said, quote, I have ordered the interior minister, after listening to the opinions of the various political parties and of the independent democratic sectors of the country, to inform me about the convenience of making some amendments to the Constitution. To do this, we need a consensus among all these organizations in order to consolidate the amendment process before the December 1989 elections, and in accordance with the provisions of the Constitution itself. Based on this, and although prematurely, I have found it convenient to point out some specific points that, according to the government's judgment, should be eventually considered. Thus, among other things, I have found the proposals related to Article 8 interesting. These proposals reaffirm that the provisions established in Article 8 do not seek to persecute ideas as such.

Moreover, the amendment mechanisms include the abolition of the president's power to dissolve the Chamber of Deputies and the abolition of the power the president has to expel people from the country or to forbid their return during a state of siege.

I also find it appropriate to consider the suggestion referring to the inclusion of a new member within the national security council, as well as the norms about shortening the presidential term. The other provisions on this matter should be maintained. [no reference to closing quote as heard]

After discussing the matter heatedly, explaining our positions, and accepting and rejecting new ideas, we finally agreed to send a compromise proposal to the honorable Government Junta for approval.

That is why the constitutional reforms that are submitted to a plebiscite today do not affect the spirit of our Constitution. They are the result of a compromise, a set of ideas proposed by the government and the opposition. We should remember, however, that these reforms will last only if each one of us assumes the ethical responsibility of contributing to its consolidation and preservation.

Citizens, we are convinced that the country at large appreciates the effort we all made to draft this proposal for constitutional reforms. There will be those who will attack them. They are the same people who have tried systematically to destabilize the country and to do away with its freedoms. It is possible that they will resent the fact that the freedoms we fought so hard for are consolidated by these constitutional reforms. Thanks to this important set of reforms, the principles and values on which our nation as an independent and progressive country is built will be consolidated, and our Constitution will resist more radical changes.

The Armed Forces and the forces of order would have failed to fulfill their commitment of 11 September 1973 if they allowed something different to happen.

Now it is your responsibility to give your opinion with your vote. More importantly, it is your responsibility to be part of this effort for unity and to give Chile the historic opportunity to become the great democratic and developing nation it deserves to be.

Within this framework, I am greatly pleased to call on all citizens to vote on 30 July on the constitutional reforms that were drafted by the government and the Chilean democratic political sectors. Viva Chile.

MIR Rejects Constitutional Plebiscite

PY1506171189 Santiago EL MERCURIO in Spanish 4 Jun 89 p C-2

[Text] The Movement of the Revolutionary Left (MIR) has expressed its rejection of the upcoming plebiscite if the constitutional amendments are made; that is, if they are presented as a single package.

The MIR said it hopes that "the people" will have the chance to express their opinion regarding each one of the ammendments, and it will campaign for a unified position for the leftist parties on this issue. The MIR also announced that Chilean leftist parties will begin a meeting tomorrow to analyze the constitutional ammendments, their political stance for the next few months, and their future participation in Congress.

This was announced by MIR leaders Jecar Neghme, Martin Hernandez, and Jose Miguel Moya during a news conference that took place in the Libertador Hotel. Neghme said that "our attitude toward the plebiscite is to reject it because it is a deceitful procedure."

Neghme said that the agreement to ammend the Constitution endorsed by the Coalition of Parties for Democracy is not valid for the Chilean leftist sector.

He also said that the Armed Forces have pressured the opposition "to approve the amendments because they are threatening to block the Chilean democratization process." [as published]

As for the meeting that will begin tomorrow, Neghme said: "The main subject will be the attitude of the left in the next few months based on a unified position regarding the plebiscite," and congressional activities.

Pinochet Cited on Armed Forces, Future Role

PY1506123489 Santiago EL MERCURIO in Spanish 6 Jun 89 p C-3

[Remarks by President General Augusto Pinochet at a luncheon held on 5 June at La Moneda Palace in Santiago with woman journalists from several Chilean news media]

[Excerpts] Upon beginning the round of questions, the head of state was asked about the stage he is going through at this time. He said that he is preparing to hand over power in the economic, social, and political fields.

The head of state did not answer the question of whether he will run for president directly. His remarks, however, hinted at the fact that he has no intention to do so. [passage omitted]

Pinochet said: "We do not want anything else. I say: So long and do the best you can! For me, it's over. For the Army, it's over. The Army does not want to have anything to do with politics any longer, and we know how to defend ourselves. If anyone in the Armed Forces is asked about this, the answer will be the same: It's over. Let's see if they can accept the hardship these gentlemen will give them. Let's see if they can manage when the lines begin, etc."

A journalist asked: If it's over, why will you remain as Army commander in chief?

Pinochet replied: "I will remain as Army commander in chief because I have to guarantee the Chilean institutional system and because this has been provided for under Article 93 of the Constitution. This is why I will stay: to secure what we have now. Now then, if they do not want any security, I will also leave the post of Army commander in chief. I have no problems whatsoever in leaving."

Recalling the attempt on his life at Cajon del Maipo, the head of state stressed that he does not fear anyone. "I am not afraid. This is why I will remain here; I will remain in Chile. I will be here to see my Army, to prepare my Army to face any problem. Not only from abroad. There could also be problems inside. Do not think it is so easy," he said.

Another journalist asked: President, you say that you will remain as Army commander in chief in order to safeguard the Chilean institutional system. Many things can happen in 4 years. What would happen if the institutional system is overwhelmed and the country again repeats the experience of 1973? Would the Armed Forces leave the Chileans all alone, or would they be willing to help again?

Pinochet replied: "That would be different. This would involve helping; if the citizens ask for help. If not, we will not help. However, the problem is that all of us at the Armed Forces are disappointed at seeing so little loyalty, so little appreciation." [passage omitted]

A journalist asked: Some political parties claim that there must be justice, that without justice there will not be peace. They talk about trials of those military men who could have committed human rights violations. What do you think of this?

Pinochet replied: "I agree with you that some cases must be handled by the courts. However, I do not agree with grabbing men from any institution in order to take revenge or with the creation of courts in Congress. I do not agree with this...because an opposite reaction will be prompted. Instead of opening, they will close, and if they close, I do not want to think what could happen.... [passage omitted]

PCCh's Sanfuentes Praises Role of FPMR

PY1506191689 Santiago EL MERCURIO in Spanish 8 Jun 89 p C-5

[Excerpts] Jose Sanfuentes, a member of the Communist Party of Chile [PCCh] Central Committee, last night stated: "I have no doubt that the Manuel Rodriguez Patriotic Front [FPMR] will play a more important role than Sergio Onofre Jarpa [presidential candidate for the Central right] in the democratic transition and a more important role, I believe, than the Christian Democratic Party [PDC]."

Sanfuentes made these remarks yesterday in a lecture organized by the "Simon Bolivar" Studies Center on the left and the electoral situation. The lecture was given in a hall of a downtown Santiago hotel. [passage omitted]

Sanfuentes stated that the left has not suffered serious defeats over the past few years, while the right—which is most attached to the military regime and the Christian Democratic sectors—has, because they have modified their old aspirations for change by the social economy of the market and the agreement with National Renewal.

Sanfuentes also accused the PDC of not reaching an accord with the communists not because of political disagreements, but to reach an agreement with the right to stabilize the current political system and to divide the left.

Regarding the FPMR's future role within the democratic regime, Sanfuentes stated that the FPMR "will certainly play a more important role in the minds of the Chileans and in the spirit of the people more than the National Renewal, because the FPMR militants have made a tremendous and much more important contribution than any contribution that may be attributed to the National Renewal people."

He said that "the FPMR will have a more outstanding place in the heart of the Chileans than the PDC because it is made up of people who have given up everything to contribute, in their own way—whether we agree or not—in the struggle for opening a path to democracy and liberty in Chile."

"I favor the recognition by Chileans of those who fight for democracy, risking everything with eagerness, courage, and self-denial, as members of the FPMR have done, regardless of whether we agree or not with their stands, methods, or policies," Sanfuentes stated.

Diez Withdraws Presidential Candidacy

PY1506154489 Santiago Domestic Service in Spanish 1030 GMT 15 Jun 89

[Text] Presidential candidate Sergio Diez has withdrawn his candidacy. Speaking on behalf of the group that supported him, Diez said current political events have shown that, despite efforts, his candidacy is no longer possible because it could possibly create disunity. We will look for other ways to employ our efforts, he said.

Asked why he gave up his candidacy, Diez said the National Renewal Party is to blame for his decision:

[Begin Diez recording] Since a party as important party as the National Renewal has presented its own candidate, I decided to give up my candidacy. From the very beginning, I have said that I would not run in the elections to be defeated, and that unity and success were indissoluble. The responsibility for any possible split falls on the parties' board because my decision is a consequence of the appointment of another candidate. This possible split is not the responsibility of this campaign committee. [end recording]

Asked whether he will support National Renewal Chairman Sergio Onofre Jarpa, Diez said he will support him if he represents unity. All citizens must support the candidate who represents unity, he said. So far, however, no ultra-right candidate has represented this unity, he said.

Asked whether he would support Pinochet's remaining in office for one more term, he simply mentioned the 5 October 1988 plebiscite:

[Begin Diez recording] From the very beginning, I have said that the country already answered this question in the 5 October plebiscite. I see nothing wrong with asking the people the same question again. [end recording]

Diez will now start touring the country to seek support for whichever candidate represents unity.

Onofre Jarpa May Reconsider Candidacy

PY1606003689 Santiago Domestic Service in Spanish 2300 GMT 15 Jun 89

[Text] Presidential candidate Sergio Onofre Jarpa tonight said that if President Pinochet decides to become a candidate for another term, he would reconsider the situation with his party.

[Begin recording] [Jarpa] As I said, this situation would have to be studied. Naturally, the party would have to make a decision on this case.

[Unidentified reporter] How was your trip to Argentina?

[Jarpa] It was a fine trip. I had an opportunity to talk with Argentine politicians, with the president-elect, with some of his ministers, with union leaders, and with newly appointed Labor Minister Jorge Triaca. [end recording]

Government Denies Buschmann Exchange Rumors

PY1506151589 Santiago Domestic Service in Spanish 1030 GMT 15 Jun 89

[Text] Army Auditor General Colonel Fernando Torres Silva today denied rumors that the government will exchange Sergio Buschmann for one of the Chilean officers charged by U.S. courts with involvement in Orlando Letelier's murder. Col Torres Silva denied these rumors after the petition for Buschmann's extradition ws submitted to the Supreme Court.

The auditor general said the laws do not foresee this type of exchange because only prisoners of war can be exchanged. We are living in a peaceful state and our request for extradition is in keeping with international law.

Police Break Up Demonstration at PRC Embassy

PY1506173989 Santiago FORTIN MAPOCHO in Spanish 8 Jun 89 p 19

[Text] Carabineros yesterday broke up a student demonstration in front of the Chinese Embassy in Santiago. According to witnesses, at least one student was arrested.

About 100 students concentrated in front of the Chinese Embassy. They were summoned by the opposition Humanist and Green Parties to protest "the massacre" of 3,000 students during the recent riots in Beijing.

The police guarding the embassy confiscated the signs carried by the Chilean students and forced them to leave the location. According to the demonstration organizers, Humanist Party Secretary General Tomas Bize was arrested.

This was the 2d day of demonstrations in front of the Chinese Embassy, located west of Santiago, where dozens of University of Chile students gathered to express their "repudiation" to the Chinese authorities.

Consular Relations With Hungary To Resume

PY1506183989 Santiago Domestic Service in Spanish 1700 GMT 15 Jun 89

[Excerpt] The Foreign Ministry has decided to resume consular relations with Hungary. Diplomatic relations with that country were suspended in 1973. This news was announced by Foreign Ministry spokesman Carlos Ducci, who deemed the decision an important step toward rapprochement with Eastern European countries. Ducci also said consular relations with Poland will soon be established at the ambassadorial level.

The spokesman said the Foreign Ministry will take all necessary steps to deepen relations with all countries in the world, in accordance with government instructions.

Asked whether relations with the USSR would also be established, Carlos Ducci said diplomatic moves are only announced when they are concluded. Ducci added that, so far, no contact aimed at establishing relations with the USSR has been made. [passage omitted]

CNI Releases Note on Attack on Army Sergeant

PY1506190989 Santiago Domestic Service in Spanish 1700 GMT 15 Jun 89

[Text] The National Intelligence Center (CNI) has released a communique on the attack on Army Sergeant Jose Albornoz Olivares.

The CNI informs the people that: At about 2210 on 14 June 1989, terrorists riding in at least two vehicles attacked Second Sergeant Jose Albornoz Olivares, of the CNI. They used automatic rifles. The attack was perpetrated as the noncommissioned officer was returning to his home in La Florida. Sergeant Jose Albornoz was hit by 5 to 10 9-mm bullets. The bullets were lodged in his abdomen, chest, and head. He was hospitalized in very serious condition and then operated on.

Witnesses reported that the attack was conducted by at least six terrorists riding in a Suzuki station wagon and a Volkswagen car. Both vehicles were white and had forged license plates.

Investigations to identify those responsible for this cowardly attack are under way in an attempt to put an end to this new terrorist escalation, sponsored and broadly implemented by the Communist Party.

Signed: CNI Public Relations Department.

Current Economic Statistics, Reports Released

Trade Balance Surplus

PY1506180689 Santiago EL MERCURIO in Spanish 8 Jun 89 p B-1

[By Santiago Cruzat]

[Summary] Valparaiso—According to statistics provided by the National Customs Office [Direccion Nacional de Aduanas], Chilean exports in May amounted to

$767.26 million, while imports reached $520.75 million. Chilean exports for the first 5 months of the current year amounted to $3,613.18 million, while imports totaled $2,397.84 million, which represents a $1,215.34 million surplus in the trade balance.

Current Inflation Figures

PY1506180589 Santiago EL MERCURIO in Spanish 6 Jun 89 pp A-1, C-6

[Summary] Luis Gatica, operations deputy chief of the National Institute of Statistics (INE), has reported in a news conference that the Consumer Price Index (IPC) increased by 2 percent in May in relation to the previous month. Therefore, the accumulated inflation in the first 5 months of 1989 amounts to 6.3 percent, and to 14.8 percent in the past 12 months.

Petroleum Production Down

PY1506191389 Santiago EL MERCURIO in Spanish 4 Jun 89 p C-1

[By Francisco Eterovic]

[Summary] Punta Arenas—The National Petroleum Enterprise [ENAP] is making a tremendous effort to maintain the current oil production in the south. By 31 May this year, production in 1989 had reached 550,520 cubic meters, which equals 3,462,800 barrels. This is 3 percent less than the production during the same period last year.

Overall production since the beginning of ENAP activities in the 1940's totals 58,010,110 cubic meters; that is, 364,884,000 barrels.

Unemployment at 6.4 Percent

PY1506192689 Santiago EL MERCURIO in Spanish 6 Jun 89 p B-1

[Summary] The national unemployment rate from February to April 1989 stands at 6.4 percent—0.2 percent higher then the December 1988-February 1989 rate. From February to April 1988, however, the unemployment rate was higher, at 8.6 percent.

* Implications of Senate Race on PDC Viewed

33480186a Santiago HOY in Spanish 15 May 89 pp 11-12

[Article by Alejandro Guillier: "Struggle for Santiago: More Than a Bench in the Senate, Another Position Is in Sight"]

[Text] The concern is barely concealed at 8 Carmen St, the headquarters of the PDC [Christian Democratic Party]. The enthusiasm of the early candidates for the Senate seat for Santiago is causing headaches for the party board of directors and, in the view of some pessimists, could unravel the balance of forces reached in the National Council after the internal dispute over the presidential candidacy.

Two illustrious names are being batted around in the internal electoral arena: Eduardo Frei Ruiz-Tagle and Andres Zaldivar Larrain. Both have been guaranteed a seat in the future Senate, but the two are contending for the same district: the metropolitan area of Santiago.

In the PDC itself it has been admitted that the heart of democratic government will be in the presidential staff, at the top, in the cabinet. This is the idea of a supra-party government.

So why is there so much passion in the contest?

It happens that some of the "political gentlemen" are looking farther. In the PDC it has been said that the best senator in the party will be the candidate to succeed Patricio Aylwin.

Being the representative of an important electoral district would be the best showcase before party members and the voting public. It is believed that whoever represents Santiago will have an almost incalculable advantage.

'Head to Head'

Eduardo Frei was in fact the first to launch his candidacy within the party for the Senate seat for Santiago. The idea has been in the mind of the executive council of the PDC since February 1989, when Aylwin obtained the nomination as presidential candidate.

Why Frei?

Although the idea is resisted by some sectors within the party, to the party membership it seems by and large that "he is the man." In the villages it is enough to mention him to set the electoral fervor alight. And that is the political capital which Carmen 8 wants to manage. Furthermore, when the inclusion of minorities within the directorate of the PDC was negotiated through the National Committee which proclaimed Aylwin its presidential candidate (in Talagante), it was well understood that Frei would receive the senatorial nomination for Santiago in exchange. On the other hand Zaldivar would become the president of the party, as Aylwin himself announced. As a bonus he would bequeath the senate seat to Talca.

However, Zaldivar announced his decision to run for the senate seat for Santiago on 17 April, "if the rank and file of the party ask him to do so." According to his detractors, what he is seeking is preventing Frei's credit from growing to gigantic size in the most important electoral district in the country. Supported by his mystical family name, it would be enough for him to put in a period of prudent work in Congress to be within cannon shot of La

Moneda Palace. A good working team and a little marketing would accomplish the rest of the miracle, as the other aspirants to the presidency fear. It would be impossible to catch up on this lead.

The supporters of Zaldivar have their own arguments. For example, they speak of the "experience" and the "position" of their standard bearer. They contrast this with the lack of recognition which Frei inspires even among his closest supporters. Frei replies: "Nobody has any experience of the future, nor do I." In passing he bases himself on the polls. The Chilean people seem to prefer to replace their politicians. A little inexperience would even sound good.

However, there is a background to the debate.

Zaldivar has been insisting on the need to make sure that the PDC will be strong in the transition period. That view involves the idea of a supra-party government, with the president in a clearly predominant position, (assuming that Aylwin will be president). Expressed in technical language, "The presidential staff will issue the orders."

In Frei's view, on the other hand, Chile must be sure of having a "national unity" government. That presupposes specific working styles: governing would amount to "forming teams." He has given credit for that idea to the Left and the Center-Left, weak points in his political profile. (He is considered a "guaton" [lightweight].)

In the swirling, current debate these nuances are translated into specific terms. Zaldivar "gives priority" to the idea of two party lists in the parliamentary elections (with electoral agreements only where they would be convenient). More specifically, Frei prefers a single electoral list.

And in What Clothing?

Zaldivar's weak point—even his group recognizes it—is in the polls. As the PPD [Party for Democracy] announced that it will nominate Ricardo Lagos in Santiago, the fear arose that he will "eat up" Zaldivar. And, in passing, Lagos has grown as "presidential timber" for the elections of 1993. However, Zaldivar, like the soccer fans, "has faith." He states that he would begin lower down in the polls than Frei. However, thanks to television, he would grow and catch up.

The internal party forecasters are confused. It is known that Frei is the most popular Christian Democrat outside the party. However, he must win the nomination within the PDC.

And here Zaldivar has a "fighting tradition," as some say. Or, as his friends prefer to say, he has given "evidence" of courage. They contrast this performance with the silence of Frei until about 2 years ago.

They are also adding up the figures. They say that he has the support of 9 of the 11 provincial presidents of the PDC. Frei would only have the support of the provinces of San Bernardo and Melipilla.

However, those encouraging figures could open a wound that is still fresh. In their calculations they are counting on the support of the party leaders of the provinces of Santiago Center and Santiago West, which the supporters of Valdes strongly challenge. If they take part in the struggle, this action would open an inconvenient Pandora's box. It would be better, the supporters of Valdes suggest, to reach agreement without internal disputes within the party.

In passing this is what Patricio Aylwin has been seeking. He has sent several messages to Zaldivar, suggesting to him that he give up the effort and be satisfied with the party presidency and take the position which they gave him in Talca. However, Zaldivar thinks that he has another destiny.

Furthermore, the internal alignments in the party are confused. For example, the Valdes supporters—who made common cause with Frei in the nominations process in January—do not seem prepared at this point to close ranks in turn around Frei. They are going to need the support of the Zaldivar supporters in the parliamentary campaign. And they do not wish to deepen the differences, although it is considered certain that they will wind up voting for Frei.

Frei: There Are Surprises

Another variable factor which Zaldivar has mentioned to the rank and file of the party in his statements relates to the future of Frei. On 10 May, at a party meeting, he speculated about a crack within the ranks of Concertacion [opposition coalition of 16 parties and groups]. If PAIS [Broad Party of the Socialist Left] insists on providing space for the communists, the PDC could run on a separate list with the political Center. Others have gone further. They are toying with the idea of an agreement with Renovacion Nacional [National Renovation Party].

If that split develops, it has been said that there would be a change in the PDC presidential candidate. And Frei could see his opportunity coming, unexpectedly. Then, some supporters of Zaldivar say, the best course would be to work with Zaldivar for senator in Santiago and hold onto the Frei card for a future possibility which could change the whole political spectrum.

However, there are indications that Zaldivar faces other obstacles in his path. Some advisers close to Aylwin believe that Zaldivar could come out with some surprises if he can get much momentum behind him. And they mention certain facts which make them suspicious.

For example, they do not forget that when the supporters of Frei and Valdes struck out against Aylwin in January 1989, Zaldivar pulled an ace out of his pocket. He recalled his desire to be considered as an alternative for the nomination of the standard bearer of the PDC before the Concertacion. On that night in Talagante, when Aylwin was finally proclaimed PDC candidate for president, many people had previously broken into a cold sweat over the possibility of an alignment of all of them against him.

There are other scores to be settled. When the executive committee had to inform provincial leaders that it was necessary to be generous with parliamentary concessions to the 16 parties associated together in the Concertacion, Zaldivar was silent, too much so for the taste of some supporters of Aylwin.

The question is: would Zaldivar seek independence for the PDC from the next president? Or, stated more directly: would he open up some distance from an Aylwin government to strengthen the options for the PDC in the 1993 elections?

* Zaldivar on Electoral Strategy, Party Tactics

33480186b Santiago APSI in Spanish
15 May 89 pp 11-13

[Interview with Adolfo Zaldivar by Jorge Andres Richards; date and place not given; first paragraph is APSI introduction]

[Text] Adolfo Zaldivar Larrain heads the Christian Democratic group called the "renewers." For some time he has held the view that if the opposition wins the next elections, the future government should belong to the political Center. Furthermore, this Center should be led by the PDC [Christian Democratic Party]. Although he supported Patricio Aylwin as an early presidential candidate within his party, he now points out that Aylwin has changed his position and is encouraging a government which would include all parties of the opposition Concertacion [coalition of 16 parties and groups]. Adolfo Zaldivar is stubborn. He has lost a few rounds within the PDC, but he continues to maintain his positions, saying that it will be the national committee of the party which will resolve these questions, such as the question relating to agreements concerning parliamentary elections, where Zaldivar thinks that the opposition must present itself in two lists (or parallel lists), competing with each other.

[APSI] You have raised the need for the opposition to present parallel lists in the parliamentary elections. Are you just seeking a certain election result for your party in this way or are you doing it because you have ideological differences with some parties in the Concertacion?

[Zaldivar] Let us start from this foundation. This problem is not ideological, nor is it a matter of doctrine. It is an electoral matter and not only a technical, electoral matter, but rather a political problem.

[APSI] Well, let us see.

[Zaldivar] The parties must interpret the views of their rank and file and what they represent among the citizenry. It is for this reason that I believe that, as a general rule, the best solution is to present parallel lists.

[APSI] Does that mean that on one side the Christian Democrats should go with a "small coalition" (with the Radical Party, the Social Democrats, Padena [National Democratic Party], and Usopo [Popular Socialist Union Party] while on the other side would be the PPD [Party for Democracy], the humanists, and PAIS [Broad Party of the Socialist Left]?

[Zaldivar] No, when I speak of parallel lists, I include even the PPD. For us it would be difficult to be associated with PAIS. Let me explain. If we go on a list with PAIS candidates, the people will have the option of voting for the PAIS candidate or for the Christian Democrat or for the Center candidate. In that framework the Christian Democrats would face a serious problem, because many people who voted "no" in the referendum might leave us under such a formula.

[APSI] What makes you think so?

[Zaldivar] It is easy. If a person votes for the Christian Democratic candidate, that vote will help to elect a candidate of the PS-Almeyda [Socialist Party, Almeyda Faction] or another candidate. Then, at best that person is going to prefer to make sure of his vote and give his preference to a list of the Center-Right. On the other hand, we are convinced that with the system of parallel lists we could win the support of a strong proportion of those who voted "yes" in the referendum but who do not exactly belong to the Right. I think that a large percentage of those who voted "yes" in the referendum are independents.

[APSI] But all of this means breaking with those who won the referendum of 5 October 1988.

[Zaldivar] For the victory of 5 October we had an adequate strategy. Nevertheless, these parliamentary elections are something else. This process is a second stage, different from what went before it. Therefore, I think that the position of those who want to go in a single list is conservative. Even more than conservative, this position represents a small number of people, because it seems that what is involved is not that we are picking up a few "little votes," as if the results of 5 October were unchangeable. That is not the case. With a good platform I think that we can bring the Right to what it historically has been: no more than 25 percent of the vote, on the average.

[APSI] Your argument breaks not only with those who won the referendum but will also provoke splits in the Concertacion, because the PS-Almeyda and the Christian Left are participating in it, and they are also part of PAIS.

[Zaldivar] They have to understand that picking up votes in such an event as parliamentary elections is an easier thing to do than it was in the referendum. Now, I am not so rigid. I think that in six or seven districts, given the number of those who voted "no," the most logical thing is to present a single candidate. However, we must see which is the most appropriate candidate.

[APSI] The idea grows with every passing day that if there is not a single opposition list, the majority of the parties of the Concertacion will incline toward an independent candidate for president.

[Zaldivar] I would be very sorry if that happened. However, our burden is part of the political consequences. I am convinced that the effort to elect Aylwin to the presidency does not imply making a concession of this kind. I think that the PDC cannot accept a situation of this kind. We cannot agree to going into lists with the communists, which is what PAIS is advocating. However, I wish to clarify something, because this is a very delicate matter. Where will all this lead? We do not accept lists with the PC [Communist Party], nor with "independents" who are communists, even if such a result would come through PAIS. Nevertheless, we will agree to go in single lists with the PS-Almeyda and the Christian Left in some places. (I think that there may be 12 such districts in the country.) However, this solution should not be the general rule. I repeat: as a general rule what is most comfortable for us are the parallel lists, in order to build bridges to many people who voted "yes." Now, if the supporters of the PS-Almeyda and the Christian Left insist on foisting communists on us through PAIS, something which we are not going to accept, and they leave the Concertacion, I would deeply regret it. However, I am prepared to pay that price.

[APSI] In short, you are asking the members of the PS-Almeyda and the Christian Left to leave PAIS or abandon the communists.

[Zaldivar] That is their problem and not ours. Maira and Almeyda will have to handle that matter.

[APSI] In your view what should the next government be: a government of the Center, a government of the "small coalition," or a government of the Concertacion?

[Zaldivar] I have always said that the future government must be efficient. It must be a government whose core is the Center, within a governmental framework which shows great understanding and maturity from the Left. In that way I see even the PPD within the government. I say even the PPD, because with the reorganized socialist groups a greater affinity has been developed.

[APSI] Consequently, you are thinking of a government based on a "small coalition," plus the PPD.

[Zaldivar] Exactly. And this relationship should be permanent.

[APSI] And what would happen to the PS-Almeyda and the Christian Left?

[Zaldivar] They would be a part of the government coalition supporting the system.

[APSI] Without participation in the government?

[Zaldivar] In effect, without holding ministerial and government positions.

[APSI] But you want everything: you want them to support the Christian Democratic presidential candidate, while leaving them outside of the government. What would you give them in exchange?

[Zaldivar] In the first place, we are going to prevent the forthcoming administration from lasting very long. This aspect is very important for the Left. However, if you tell me that we have to support the person who symbolizes the Left, with its flags out in front, I say that this is madness. Because in this way the most reactionary groups in this country are going to win. And this country is going to be polarized. What we have to do is to ensure that Chile can live with itself once again and that this development will take place through the Center. Then you tell me that we are not going to give them anything. Of course we are going to give them something! We are going to give democracy to this country. We are going to have a government based on a state of law. In that way the Left will be able to develop itself and, at a later stage, will be able to prove that it has the support which it says it has, under a parliamentary system based on proportional representation. No one is going to deny them that. However, do not ask me right now to mortgage a democratic solution by allocating them cabinet positions. Now, if we form a good, initial government, they will have their rights and even will be able to win elections and form the government. And if they are the government in the future, so be it. But do not ask me to include them now, because such a solution would mean giving the reactionary elements an opportunity to prevent the transition to democracy.

[APSI] Nevertheless, by giving them the possibility which you mention, the cost could be a social explosion by the Left.

[Zaldivar] No, because what we are ensuring are social changes, on the one hand, and the rights of the Left in the future, on the other. And this situation is very simple. If I go along an unpaved road, I cannot drive at 60 km an hour. That would be risky. When the road is paved, let us speed up to 100 km an hour. However, let us take steps today in a solid way.

[APSI] What would be the relationship of a future government—supposing that the Christian Democrats lead it—in coalition with the National Renovation Party?

[Zaldivar] I believe that from now on we have to develop a very good relationship with National Renovation and with the Left. I think that they, those people associated with National Renovation, are going to be in the opposition. However, they will have to participate actively in the system. And in this sense we have to negotiate the necessary reforms, beginning now, and implement those reforms and not other ones, over the next 4 years, based on a very good compromise. However, in addition we have to reach a major economic and social agreement. In my view that agreement should be an historic agreement between labor and management, because here the workers have been pushed to the side for the past 15 years.

[APSI] Aylwin was proclaimed a candidate for the presidency by the group of the "renovators" whom you head, which means a government based on a "small coalition."

[Zaldivar] And Aylwin also.

[APSI] And then what happened?

[Zaldivar] Aylwin changed, to such a point that the discussion that went on within the PDC was very frank in favor of adopting that agreement. For example, as far as I am personally concerned, there is nothing separating me from Gabriel Valdes. I have great respect for him. Nevertheless, we have political differences. Gabriel was the man who suggested the government of national unity. We suggested a government of the Center which could govern. And the author of this second concept was Edgardo Boeninger.

[APSI] Then why do Aylwin and Boeninger now hold a different position?

[Zaldivar] You should ask them that question.

[APSI] Do you feel that you were deceived?

[Zaldivar] They have changed, and we are holding to our position.

[APSI] After all, does that statement mean that you are going to withhold your support from Aylwin?

[Zaldivar] Aylwin has been chosen, and we will support him. However, I wish to make it clear that he has changed his views. I do not know whether it is for good or bad. Time will tell.

[APSI] Everything indicates that you think that it is for the bad.

[Zaldivar] I see no reason for having changed the previous policy. Aylwin must have had his reasons. In any case I think that he is mistaken.

[APSI] And how do you think that this problem is going to be resolved?

[Zaldivar] There has to be a national committee meeting held as the final step in resolving this whole problem. Nevertheless, I believe that it is beginning to be resolved sooner than that. The national council decided a few days ago that there was no possibility of agreements with the PC. And now we must see what the PS-Almeyda and the IC [Christian Left] are going to do within the framework of PAIS. And that is their problem.

[APSI] Meanwhile, Genaro Arriagada has presented himself against you as candidate for senator for the Third Region.

[Zaldivar] That is no problem for me. Arriagada has every right to do that. He has every right to present himself as a candidate. However, as the rank and file of the party will resolve this matter, I am very relaxed about it, because I know that I have the support of the immense majority of them. I am the best candidate for the PDC in the Third Region.

[APSI] And who will be the candidate for Santiago: your brother Andres or Frei?

[Zaldivar] Andres, because he has very great influence in the party and is no doubt a very experienced politician who has a great career to support him. He will be a great candidate. Furthermore, he has the support of the majority of the rank and file of the party with him. Then, for the PDC and for the country it is more appropriate for Andres to be the candidate for the Senate for Santiago.

[APSI] And what will be done with Frei?

[Zaldivar] That is his problem. He will have to see if he can be elected from another region.

Colombia

Minister Asks UP Leaders To Talk With ELN

PA1606022489 Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 15 Jun 89

[Text] After three postponements, Defense Minister General Manuel Jaime Guerrero Paz finally met with Patriotic Union [UP] leaders.

The minister asked the UP to seek contacts with the so-called Army of National Liberation [ELN] to incorporate the rebel group into the peace process.

Minister Guerrero Paz asked the UP to talk the ELN into halting its attacks on the country's oil pipelines.

At a meeting held at the Defense Ministry, the UP informed Gen Guerrero Paz of the results of a meeting with the FARC [Revolutionary Armed Forces of Colombia] in La Uribe, Meta Department.

Minister Guerrero Paz requested the UP's intervention to incorporate the ELN into the peace process proposed by President Barco. Here is a statement by UP President Hugo Montana:

[Begin recording] [Montana] They have said that they do not want any kind of dialogue, that they believe a solution will be found by force, through war.

[Reporter] But they are demanding the withdrawal of multinational companies.

[Montana] We believe their nationalistic policy should be transformed from guerrilla actions to a legal and political debate. [end recording]

The UP promised to make the necessary contacts to make a dialogue with the ELN possible.

During the next meeting, UP leaders will meet with the commanders of each one of the Army's brigades.

* Foreign Debt Service Payments Projected

33480184a Bogota EL TIEMPO in Spanish
9 May 89 pp 1B-2B

[Article by Silverio Gomez]

[Text] Interest payments on Colombia's external debt will increase until late 1993 and then remain relatively stable until 1995.

Servicing of the External Public Debt (in billions of dollars)

Year	Amount
1990	3.380
1991	3.553
1992	3.628
1993	4.168
1994	4.108
1995	4.033

Source: Office of the Comptroller General of the Republic

Nevertheless, the total external debt of the public sector will hit a high of $15.4 billion by the end of 1992 and will start to decline substantially only in the second half of the 1990's.

External Public Debt, Year End Total (in billions of dollars)

Year	Amount
1990	14.261
1991	14.676
1992	15.384
1993	15.279
1994	15.112
1995	14.840

Source: Office of the Comptroller General of the Republic

Indeed, if we project the principal and interest payments that the country must make on its existing and planned debt over the next 4 years, when there will be a new government, the outlook is not good enough to prevent it from having to secure fresh funds or, alternatively, make use of some of its international reserves.

These are some of the conclusions of the study "The External Public Debt in Figures," which was released last Friday by the Office of the Comptroller General of the Republic. The first complete report on the issue that has been published in the country, it touches on a wide variety of facets of the external public debt.

At least 15 experts were involved in drafting the study over a period of 4 years; they worked together with the Finance Ministry, the National Planning Department, and the Bank of the Republic and had the support of the United Nations Development Program.

Luis Jorge Garay helped with the initial design of the information system, and Assistant Comptroller Francisco Azuero served as coordinator.

Focus on Debt Servicing

In 1985 Colombia adopted a foreign-debt strategy based on obtaining "fresh" external loans that would prevent it from becoming a net exporter of capital because of its outstanding liabilities.

Other countries chose to refinance and reschedule their foreign loans, which implied economic-adjustment programs with the intervention of the International Monetary Fund.

The country thus obtained three loans from commercial banks: the "Jumbo," the "Concorde," and the "Challenger," the latter two under the current administration. "Challenger" is being processed, and disbursements are expected by the end of this year.

"Concorde" enabled the country to cover its loan liabilities that fell due in 1987 and 1988, and "Challenger" will do likewise for 1989 and much of 1990.

The national government is expecting disbursements of $2.7 billion this year and $2.76 billion in 1990. As part of these overall figures, disbursements of $845 million and $887 million, respectively, are expected from multilateral banks; according to observers, these figures are very "optimistic" if we bear in mind past installments and the strained relations with the World Bank in the wake of the problems with a loan for the electric-power sector.

Next year the country will be forced to seek additional funds from commercial banks if it wishes to continue warding off the possibility of becoming a net exporter of capital, which would imply sacrificing economic growth.

But we are not just talking about 1990. The figures submitted by the Comptroller's Office show a sharp jump in debt servicing from 1992 to 1993 as a result of payments on the loans that are being planned today and that will increase an average of 50 percent from 1991 to 1993.

The servicing of the external public debt will reach $3.628 billion in 1992, rising to $4.168 billion in 1993. Payments on loans that are in the planning stage now and that will be disbursed gradually will rise from $1.222 billion to $1.94 billion. This leads to the preliminary conclusion that at that point there will be another "peak" that will create difficulties for our country and, moreover, prompt the next administration to reassess the advisability of the debt strategy being pursued at present.

The Barco administration feels that as of 1992 the public sector's principal payments to commercial banks will show a "drastic" decline, which would make financing easier as of then.

But if we bear in mind that the next administration will have to seek fresh funds from commercial banks, a collapse will not likely happen 2 years into it. The numbers show that it would occur, rather, in the mid-1990's.

Therefore, a rescheduling of Colombia's foreign debt is an option that should not be ruled out completely and will no doubt be back in the national spotlight next year.

Poor Medellin

The construction of the Medellin subway has been a financial "headache." The initial estimates have not turned out to be realistic. But eventually it will be completed, for the good of Antioquia's capital.

Nonetheless, serious difficulties will arise when the loans begin to be paid back. This is perhaps why the finance minister is worrying.

"The External Public Debt in Figures" reveals the current status of and projections for the country's 10 most heavily indebted cities: Bogota, Medellin, Cali, Bucaramanga, Barranquilla, Cucuta, Pereira, Manizales, Popayan, and Palmira. With the exception of the first two, the amounts and liabilities are of no great consequence.

The capital of Antioquia will have to pay out close to $920 million between 1990 and 1992, more than 300 billion of today's pesos, mainly because of the subway; it will be the city with the heaviest financial burden until at least the year 2000.

Bogota will face heavy debt servicing until 1991, when payments will start declining gradually, as long as "it does not follow the example of Medellin."

Servicing of External Public Debt by Sectors in 1990

Sector	Percent Share
Energy	31.4
Transportation	9.5
Communications	3.1
Industry	3.4
Mining	17.8
Sanitation	3.0
Agriculture	7.5
Education	1.0
Health Care	1.0
Defense	6.4
Pre-investment	0.6
Regional Development	2.5
Others	12.8

* Planning Department Analyzes Economy

33480184b Bogota SEMANA in Spanish
16 May 89 pp 92-97

[Text] Last Thursday's meeting of CONPES [National Council for Economic and Social Policy] at Narino Palace was a lively one. So much so that after 3 hours of discussion the top economic policymakers came to an agreement; there was not enough time to take up the other items on the agenda. In contrast to previous occasions, when the members of CONPES, headed by the President of the Republic, would engage in complicated, boring analyses, this time there were not even any yawns.

The reason was a 27-page document drafted by the National Planning Department that bore the title "The Recent Evolution of the Colombian Economy." It contained an assessment of economic developments in 1988 and analyzed the prospects for this year based on the figures from the first quarter. In spite of its brevity and terseness, the reading of the study nonetheless prompted irritation in some ministers, who asked that certain paragraphs be added to a new version, which must be ready soon for official approval. Nonetheless, the substance of the original document, which SEMANA has seen on an exclusive basis, ought to be the same even if the objections that were made to it are accepted.

So-So, Thank You

The study conducted by the National Planning experts indicates that even though "the percentage of the urban population affected by poverty dropped significantly between 1986 and 1988 from 21.6 to 17.9 percent...production activity weakened throughout 1988, and the inflation rate exceeded the envisioned goals." Specifically, National Planning estimates that the gross domestic product rose by 3.7 percent, far below the 5 percent that the government had initially set as a goal and the 4.2 percent that had been announced in December.

Although such a level of growth is good if measured in Latin American terms, it was still discouraging to those who were hoping that the Colombian economy would do better in 1988. After all, growth of 5.3 percent had been achieved in 1987, and all indications were that the country's good luck was going to continue.

The fact is, however, that 1988 turned out to be a complicated year for the economy. The normal ups and downs were compounded by the aftereffects of the bombs that the National Liberation Army [ELN] set off along the Cano Limon-Covenas pipeline, the weather problems (drought and then winter), the surge in inflation, the smuggling of goods from Venezuela, the poor coffee harvest, and the rise in imports. All of these circumstances combined to make the economy's performance worse than expected. In the case of petroleum, for example, some observers feel that the ELN terrorism cost the country a half-point in its growth rate.

Nevertheless, aside from all of these developments, some people hold the administration responsible for what the finance minister described several months ago as "a turbulent year." Specifically, there has been criticism of monetary policy in 1988. As we will recall, things got off on the wrong foot when the famous action on checking accounts with average balances of more than 6 million pesos caused a serious lack of liquidity in the financial system as of February last year. That initial crunch worsened when the Monetary Board decided to make massive use of Open-Market Operations (Omas) to restrict the growth of the money supply and thus stem the inflationary spiral. As a result, interest rates skyrocketed, and the financial sector's credit suffered greatly.

It was precisely the impact of these two factors that prompted last Thursday's discussion in CONPES. The document submitted by National Planning contends, in particular, that one of the main causes of what happened was "the evolution of credit and the high interest rates in effect for much of 1988."

This assertion especially annoyed the finance minister and the manager of the Bank of the Republic, who contended that monetary policy had been appropriate and that, even more importantly, the economy's poor fortunes had more to do with other factors. Whether true or not, the fact is that a decision was made to include these explanations in the new version of the document and to soften the implicit criticism of monetary policy. As one observer told SEMANA bitingly, "if the administration agrees that the blame for what happened last year belongs to the ELN, the weather, and smuggling from Venezuela, then no one's ears get boxed. In contrast, if it agrees that much of what happened was caused by monetary policy, then the guilty party has a name."

This comment again highlights the differing views within the economic team. According to those in the know, whereas the Finance Ministry places more emphasis on achieving monetary-policy targets to control inflation, National Planning feels that there is room for a looser policy so that output is not hurt. Although the differences are in no way major, as was the case when Guillermo Perry was in the cabinet, they are quite striking. Whereas the document submitted to CONPES last Thursday maintains that "the combination of high interest rates and restrictions on the economy's liquidity adversely affected production activity," an economic report recently drafted by the advisers of the Monetary Board asserts that "supply excesses in monetary aggregates tend more readily to have harmful effects on international reserves and inflation than beneficial effects on the pace of activity."

Uphill Battle

This entire discussion has served as a prelude to the formulation of economic policy for 1989. For the time being we have seen that monetary policy has been loosened up a bit, though the consequences are not yet clear. So far we do not know for sure whether production has performed well, although some unions and certain print media insist that there is a recession. The fact is that the figures are not clear. Both the National Planning document and the report from the Monetary Board's advisers make it clear that although there are good and bad signs, in a nutshell the worst is behind us. "The trend towards lower growth in production activity that arose in 1988, particularly during the last quarter, has hit bottom in recent months...We can gather that the agricultural (excluding coffee) and mining sectors posted rapid growth and that the trend in industry has reversed itself." As Development Minister Carlos Arturo Marulanda told SEMANA, "we left the CONPES meeting with the conviction that the economic prospects are sound enough so that the goals of the macroeconomic plan can be achieved."

This does not mean, however, that the problems have disappeared. Aside from the fact that we do not yet know for sure whether the production sector is on the right track ("How can we talk about the figures up to March when there were only 10 working days that month?" one observer remarked), it is clear that the government must handle certain things with care. The National Planning document notes with particular concern that Ecopetrol [Colombian Petroleum Enterprise] and Telecom [National Enterprise for Telecommunications] have overspent their budgets, which if it continues will widen the deficit of the consolidated public sector. It also says that "the situation in the electric-power sector during the first quarter is worrisome." According to the study, the sector has failed to reach a whole series of targets, thus giving rise to question marks that will have to be resolved quickly. "At this point it is difficult to foresee how the problem of the electric-power sector's debt is going to be handled as of July," National Planning underscores.

And this is not the only case. The Medellin subway is in serious difficulty and threatens to cost even more than it already has. National Planning maintains that if the loans that it has been granted are not rescheduled quickly, "the project would come to a complete standstill in the second half."

In addition, the administration's position on monetary policy is not clear yet. Although it has tried to avoid tightening the economy's liquidity and, consequently, putting upward pressure on interest rates, no one knows what is going to happen now. National Planning contends that there is still room for faster growth in the money supply, but the advisers to the Monetary Board feel, in contrast, that the brakes must gradually be applied. The latter believe that if the monetary base continues to increase as it has, it will cause a reduction in the country's international reserves, a development that was already noted during the first quarter of the year. As a result, they recommend that there be "a postponement of government spending, in keeping with lags in revenue, so as to thus reduce the borrowing needs of the nonfinancial public sector."

The problem with this recommendation is that National Planning maintains that the economy's relative recovery and the improvement in the unemployment rate were brought about by government spending. Consequently, the document that was presented to CONPES suggests the exact opposite course: "The investment spending done through the central government must be accelerated, especially spending with a heavy domestic component, in order to guarantee an immediate favorable impact on demand and the efficient development of the government's social programs."

The dilemma about whether to speed up or slow down spending will have to be resolved soon. Although the objections of the Monetary Board have to be borne in mind, it is also important to stimulate production, especially since there are still doubts about the recovery. An excessively cautious monetary policy was a constant in 1988, with the resulting effects on credit and interest rates. It now remains to be seen whether the same prescription is followed in 1989, in spite of the risk that the economic team is running, because if things turn out badly again, it will no longer be so easy to get the administration off the hook.

Gross Domestic Product by Branch of Activity, Growth Rates 1986-1988

Branch	1986	1987	1988 (provisional)
1. Agriculture, forestry, hunting, fishing	3.4	6.0	2.8
Agriculture	3.3	6.0	2.7
Parchment coffee	-4.9	21.0	-9.0
Rest of sector	4.5	4.01	4.5
Forestry, hunting, fishing	3.9	6.7	4.8
2. Mining and quarrying	42.3	26.0	3.4
3. Manufacturing industry	6.0	5.0	2.0
Processed coffee	12.9	-4.3	-14.0
Rest of industry	4.8	6.6	4.5
4. Construction	4.9	4.2	2.7
5. Commerce	4.2	6.4	3.8
6. Transportation and storage	0.9	4.5	4.8
7. Government services	6.1	6.2	7.8
8. Rest of sectors	2.8	3.1	4.0
Minus: Charged bank services	-0.2	7.3	3.5
Value added subtotal	5.7	5.3	3.6
Plus: Duties and taxes/amount	8.9	5.0	7.1
Gross product	5.8	5.3	3.7

Source: 1986-1987, National Administrative Department of Statistics; 1988, National Department of Planning. Figures subject to revision.

Ecuador

Explosion at National Congress Linked to MPL

PA1506184489 Paris AFP in Spanish 1656 GMT 15 Jun 89

[Excerpt] Quito, 15 Jun (AFP)—The possible resurgence of the Free Homeland Montoneras (MPL), an Ecuadoran subversive group, raised concern in the country today in the wake of a bomb explosion last night at the entrance to the National Congress.

The bomb was reportedly thrown by MPL members from a moving automobile; they also scattered pamphlets attributed to that subversive group from the vehicle, although some parliamentarians and congressional employees doubt the authenticity of the pamphlets because they do not carry the usual letterhead.

The bomb exploded in a tunnel at the main entrance to the National Congress while the deputies were in a working session. It caused no property damage, but generated alarm and confusion among residents in the area and led Acting Congress President Nicolas Issa to call for a doubling of guards at the site. [passage omitted]

Bomb Attack on Finance Ministry Reported

PA1506220989 Madrid EFE in Spanish 2039 GMT 15 Jun 89

[Text] Quito, 15 Jun (EFE)—Police have reported that two bomb attacks have occurred—at the National Congress last night and at the Finance Ministry building this morning.

No victims or serious property damage were reported.

The first bomb exploded last night at the main entrance to the National Congress. This forced legislators to suspend their meetings and reinforce security.

Likewise this morning, another medium-strength bomb exploded at the Finance Ministry building. Only windows were broken.

Police have ordered an extensive operation to capture the parties responsible; they added that they had no information concerning the motives or objectives of the attacks.

Paraguay

Rodriguez To Attend Argentine Inauguration

PY1506170189 Asuncion ABC COLOR in Spanish 15 Jun 89 p 10

[Excerpt] President Andres Rodriguez and a high-level delegation will travel to Buenos Aires at the end of the month to attend the Argentine presidential inauguration in which Carlos Saul Menem will be installed as the new Argentine chief of state. Menem yesterday invited Rodriguez to attend the ceremony, which will take place on 30 June in the Argentine capital.

In reply to a special invitation made by the Argentine president-elect, President Rodriguez will travel to Buenos Aires, where international personalities will gather at the swearing-in ceremony of the new Argentine president, the current La Rioja governor. [passage omitted]

Rodriguez Invited To Attend Regional Summit

PY1406033089 Asuncion ULTIMA HORA in Spanish 13 Jun 89 p 13

[Excerpt] Guatemalan President Vinicio Cerezo has invited President Andres Rodriguez to attend a summit of Latin American presidents in Guatemala City in January 1990. Foreign Minster Luis Maria Argana conveyed this invitation to Rodriguez during an audience this morning.

Argana said that there is "some confusion" with respect to the objective of the summit. "The issues to be discussed at that summit have not been well-clarified; therefore, we will ask the Guatemalan Government to send a letter explaining the objective of the summit," Argana added. [passage omitted]

Agrarian Reform Institute Group Established

PY1406135489 Asuncion ULTIMA HORA in Spanish 13 Jun 89 p 29

[Summary] A new directorate of the Agrarian Reform Institute (IBR) has been established through an Executive Branch decree. The directorate will be chaired by Agricultural Eng Esteban Medina Santacruz, and its members will be Agricultural Engs Pedro Cesar Caballero and Pedro Garcia Varessini, and Drs Mario Antonio Oviedo Calabrese, Basilio Nikiphoroff Friessen, and Ruben Dario Guillen Gaona.

New Merchant Marine Director General Appointed

PY1406135089 Asuncion ULTIMA HORA in Spanish 13 Jun 89 p 29

[Summary] Through an Executive Branch decree, Navy Captain Carlos Alberto Roig Trujillo, retired, has been appointed director general of the State Merchant Marine.

Death of 4th Infantry Division Commander Noted

PY1506171689 Asuncion ABC COLOR in Spanish 15 Jun 89 p 12

[Excerpt] Brigade General Luiz Rodriguez Gonzalez, commander of the 4th Infantry Division, died in a highway accident yesterday afternoon. The regrettable accident occurred at about 1600 at km 132 of the Transchaco Highway.

According to reports, the high-ranking commander, who was 49 years old, was coming to Asuncion from Capital Joel Estigarribia, located near Pedro P. Pena, Chaco Paraguayo, where the 4th Division is based. [passage omitted]

Peru

Ayacucho General on Terrorism, Defense

PY1506034489 Lima LA REPUBLICA in Spanish 11 Jun 89 Sunday Supplement p 10

[Interview with General Howard Rodriguez Malaga, chief of the Ayacucho Political-Military Command, by reporter Mario Munive in Huamanga; no date given]

[Excerpt] [Munive] Some government authorities, among them President Garcia, have announced the decision to provide weapons to the people to fight the Shining Path. Do you agree with this decision?

[Rodriguez] I think the entire country should get organized to defend the state, but we cannot make the mistake of providing weapons to the people. By doing so we would be creating a parallel army. We would create a great contradiction: On one hand there would be the state with its own defense mechanisms—that is, the security forces—and on the other hand, the civilian patrols, armed with weapons of war. They would constitute a parallel army, which is not provided for in the Constitution. This is a much discussed subject; a lot of publicity is being given to a former professor in Lima who heads a civilian defense committee in the Apurimac River valley. Very enthusiastic proposals based on that information have been made out of ignorance or for political reasons.

[Munive] There are civilian patrols with the same hierarchy as the military in the town of Santa Rosa in the Apurimac River valley.

[Rodriguez] I want to point out two things: In the first place, the security forces believe it is good to organize groups of civilians to fight terrorism. There is a law referring to the peasant patrols, under which we would include these committees that were created with the support of the security forces some years ago. These groups consult us about their movements and decisions; we work in a coordinated manner. However, the specific situation of the Apurimac River valley civilian defense committee is undefined. The fact that a civilian is calling himself "commander" while others adopt ranks that belong to the military institutions reveals the creation of an army outside the law. That is very dangerous.

[Munive] Not long ago "Commander Huayhuaco" requested 600 Mauser rifles to wipe out the Shining Path.

[Rodriguez] The consequences of accepting such a request are unpredictable. This gentleman has said that he would get rid of subversion in a few months if he were given the weapons he requested. Many believe he can do so, but they are quite mistaken. I believe that what Huayhuaco is doing is praiseworthy, but his request has confused some politicians. To accept his request would mean admitting the state's inability to defend itself with the mechanisms established by the Constitution. People do not know what a Mauser rifle is; they believe that it is an obsolete weapon for the Armed Forces and could serve the civilian defense. We are talking about a weapon of war with the same precision and range as a FAL (light automatic rifle). The only difference is that the Mauser has to be loaded after every shot is fired, while the FAL is automatic. Has anyone thought of the danger that handing one of these weapons to a civilian represents? What if these groups are infiltrated by the Shining Path and they use the weapons supplied to them by the state to fight us? Or, what is even worse, that due to ancient conflicts or recent disagreements between one community and another, they clash, incited by subversives? These outbreaks could run out of our control. To give civilians weapons would be wrong. Moreover, civilians have their own defense weapons; they have made rifles and have purchased hunting rifles, which I think is the correct thing.

[Munive] How do you evaluate the work of the political parties in Ayacucho?

[Rodriguez] I think that there are two very important organizations in Ayacucho: the ruling American Popular Revolutionary Alliance (APRA) party, which is involved in this confrontation, and the Communist Party, of which the mayor is a member.

The APRA and the Communist Party should demonstrate why they are important in Ayacucho. It is a challenge to try to convince the population and give them hope. The two parties have to convince the youth so that they believe in this democracy, which, despite its limitations, is better than the dictatorship of subversion.

[Munive] Don't you think that the APRA split in Ayacucho, which is the birthplace of the subversion, is irresponsible?

[Rodriguez] It is a disturbing situation, but I prefer not to discuss the matter. It is not up to me to make political statements. I am carrying out another type of task in Ayacucho.

[Munive] You have mentioned the Communist Party. Don't you think, as did previous commanders, that the Communist Party is a "facade of the subversion that is defended at Congress under the pretext of human rights?"

[Rodriguez] That is a malicious and dangerous statement. Look, I do not know what those who lived here thought about it, but this type of statement should not be made. We must know how to distinguish. We should not see the enemy everywhere. I have mentioned the Communist Party because it has its representatives at Congress and townships. Consequently, it supports the state and the Constitution. Otherwise we will find subversives in all parties and institutions, and in all those who ask for something.

[Munive] General Rodriguez, every week in Ayacucho subversives kill authorities, policemen, and people who do not obey their orders. Can't the Army prevent these crimes?

[Rodriguez] The number of troops we can use to protect the people is limited. Hundreds of policemen and military personnel are currently on the markets, public offices, and roads. The problem is that everybody asks us for personal protection, but we will never have enough personnel to do so. The Shining Path terrorists take advantage of this situation to create panic. As they can not openly confront the authorities—because I can assure you that, unlike other areas of the country, the conditions for them for an open clash are becoming less feasible every day—they engage in selective murders to increase the fear of the population.

[Munive] "Armed strikes" have been successful in Huamanga due to the great fear they instill in the people. The Army itself does not seem to have an effective tactic to abort these coercive measures, which have brought Huamanga to a standstill.

[Rodriguez] "Armed strikes" have caused unrest and confusion among the people in recent years. Although some sectors have obeyed these measures out of fear, the people can no longer tolerate the economic losses stemming from them. The people of Ayacucho voiced their opposition to these strikes last year. It is a fact that the hardest hit by these strikes are the residents of poor neighborhoods, peddlers, and handicraftmen; that is, those who do not live on a salary. Sooner or later, civilians will more readily challenge the subversive forces. We will provide security to these civilians, but they will have to trust us. We are no strangers; we are here to protect them, to support their development. These strikes are detrimental to Ayacucho's progress because they are designed to make the people continue living in poverty in this zone.

[Munive] You have referred to the Army's image in Ayacucho. Most people fear the military more than the subversives, and that is probably due to the abuses usually committed here.

[Rodriguez] Look, our task is carried out based on the provisions of the Constitution. We respect the constitutional guidelines established for military actions. But that is not our entire mission. We are here to restore a state of law, to defend individual rights and the right of each citizen to work freely. We also have to convince the people that this is the role of the forces of order, that this is the only way we can eradicate the image created by terrorism in an effort to tarnish our prestige.

[Munive] But to achieve this the Army should call for the cooperation of the political parties, the civilian authorities, the people's organizations...

[Rodriguez] We are doing that. There are very close and daily ties. Our work is all-embracing, and civilian participation is essential for final success. We have been asking since March for the cooperation of different civilian authorities to create three essential committees for the struggle against subversion in all sectors: the psycho-social, the political, and the economic committees. The first committee is headed by Eng Morote Sanchez in his capacity as rector of the university. The education sector is represented there; we are also calling on the church and all those having to do with moral and cultural education. This committee must work with the youth to convince them of the need to recover peace and to eradicate violence. We have also created a political committee, headed by the mayor and city council leaders. Their responsibility is to preserve and structure the system of authorities at departmental level. Their role is to prevent mayors, governors, and judges threatened by terrorists from resigning, to reinstate authorities where there are none, and to provide support and security to all of them so that they will not feel isolated. We have promoted the creation of a social-economic committee headed by the president of the Ayacucho Development Corporation. This committee will plan the use of budget funds in key projects, not in superfluous ones.

[Munive] Do you think the budget assigned by the Executive Branch for this zone is sufficient?

[Rodriguez] It will never be sufficient, but we have to understand that there are other economic factors that prevent the state from assigning a greater portion to this sector. We have to learn how to administrate with moderation the funds assigned for Ayacucho, to spend them for the benefit of most inhabitants and not for mere political whims. For this precise reason we have proposed the creation of the social-economic committee. [passage omitted]

Subversives Killed in Ayacucho; Deputy Attacked

PY1506230989 Madrid EFE in Spanish 2044 GMT 15 Jun 89

[Excerpt] Lima, 15 Jun (EFE)—Military spokesmen in Lima today reported that 10 guerrillas were killed in a clash with a military patrol in central Peru and that a government deputy was attacked but escaped uninjured.

Soldiers and policemen have been conducting strict night patrols of Lima since 13 June to prevent Maoist Shining Path attacks marking the 3d anniversary of the killing of 250 Shining Path terrorists in Lima jail uprisings.

The military sources told the press that on 12 June a military patrol killed 10 terrorists in a clash in Chavina, in the upper regions of Ayacucho, 576 km southeast of Lima.

The sources said that the terrorists who were killed were carrying automatic rifles, hand grenades, and Shining Path propaganda.

The sources added that ruling APRA [American Popular Revolutionary Alliance] Deputy Nicanor Asmat was attacked last night by unidentified individuals who tried to kill him. The incident occurred in Nasca, 400 km south of Lima.

The legislator said he was shot at by Shining Path militants when the driver of the vehicle in which he was traveling toward Lima stopped to remove tree branches that had been left on the road to stop them.

Asmat's personal bodyguards returned fire and repelled the attack. Asmat said that a few hours before the attack he had received a letter from the Shining Path threatening him with death. [passage omitted]

Huanuco Mayor Murdered; Investigation Ordered

PY1606024389 Lima Television Peruana in Spanish 0100 GMT 16 Jun 89

[Text] Interior Minister Agustin Mantilla today briefed President Alan Garcia on the murder of Mayor Manuel Espinoza Monroy of the Leoncio Prado Province, Huanuco Department. He was murdered this morning by alleged terrorists.

President Garcia expressed his consternation over the murder and ordered a thorough investigation of this terrorist action.

State Workers Enter 3d Week of Strike

PY1506153189 Madrid EFE in Spanish 0322 GMT 14 Jun 89

[Text] Lima, 14 Jun (EFE)—At least 37,000 Peruvian state workers, including doctors, judicial branch employees, and employees from the electricity sector, today began their 3d week of strikes in demand for better salaries.

Today the strikers participated in a march through Lima and were repressed by police in antiriot gear.

The authorities did not report on any detentions during the street demonstrations.

There are a total of 12,000 doctors on strike, restricting their emergency services as well, which has forced the transfer of 70 percent of their patients to police hospitals and private clinics.

The restriction of emergency services has been termed as "extremely inhuman" by the patients, who want the government to solve this "dramatic conflict."

Moreover, the judicial system has been paralyzed by the strike of 10,000 employees, who are demanding from the Executive Branch the necessary funds for the judicial branch to meet salary increase demands.

Also, leaders of the 15,000 workers of "Electro-Lima" [Lima Electric Power Company], which supplies electricity to Lima, warned that the strike may represent a danger for the 6.5 million inhabitants in case of a blackout caused by subversives.

Venezuela

35,000 Doctors Begin 12-Hour Strike

PA1306152789 Hamburg DPA in Spanish 1455 GMT 13 Jun 89

[Text] Caracas, 13 Jun (DPA)—Approximately 35,000 doctors, including nearly 7,000 from the Venezuelan Institute of Social Security (IVSS), began a 12-hour strike today to demand the signing of a collective contract and supplies for the hospitals.

The strike began at 0800. The main demonstration by the doctors was a protest march that ended in front of the Venezuelan Congress.

The doctors want a solution to their list of demands, which has been under negotiation for several months and includes salary increases of up to 45 percent. An IVSS specialist now earns the equivalent of $225 a month and a resident earns approximately $150.

The doctors are also requesting improvements in the supply of medicine and equipment in the country's hospitals.

Spokesmen for the doctors recently held meetings with government officials, including Carlos Andres Perez, but they were unable to reach satisfactory agreements.

250,000 Teachers Strike Over Contract Dispute

PA1506182289 Caracas Venezolana de Television Canal 8 in Spanish 1615 GMT 15 Jun 89

[Text] Teachers are striking today to demand compliance with agreements reached with the Education Ministry. Negotiations between the education minister [Gustavo Rossen] and the teachers did not alter the federations' decision to go on strike.

[Begin Rossen recording] We have called for the beginning of talks among all the federations—the 11 federations that are currently registered—in order to implement the contract once and for all. [end recording]

According to the minister, the 11 federations that participated in the meeting do not represent the majority of teachers. However, he did admit that they represent 43 percent of currently employed teachers and 38 percent of retired teachers and that he therefore began talks with them yesterday to discuss the third collective contract for Education Ministry workers. During a visit to the metropolitan area, our reporters confirmed that the teachers supported the strike. Zaida Perez has details:

[Begin Perez recording] The teachers and professors strike was fully observed in all public schools operating under the Education Ministry. It took place between 0700 and 2300 on Wednesday, 15 June [as heard]. Approximately 250,000 teachers participated nationwide. Halls in school buildings were deserted and doors were locked; students stayed home waiting for the announcement to return to school.

Meanwhile, teacher organizations and federations have maintained their position, demanding compliance with previously approved clauses of discussion on the third collective contract. It is clear, however, that there will be classes tomorrow and next week, unless the Education Ministry or the federations involved in the conflict make another announcement. [end recording]

* Perez' First 100 Days in Office Analyzed

* Events Studied

33480183 Caracas NUMERO in Spanish
14 May 89 pp 7-18

[Article by Manuel Felipe Sierra]

[Text] The first 3 months of the government of Carlos Andres Perez [CAP] have been characterized by surprise and confusion. The economic measures are in danger of being distorted because of civic pressures, and the base of government political support seems to be seriously weakened.

The first 100 days of the government of Carlos Andres Perez could not have been more instructive or dramatic. No one could have imagined that the atmosphere of international celebration which surrounded the inauguration of the chief executive on 2 February would be decisively affected in less than 1 month by a furious and unprecedented popular rebellion, and a sensation of bewilderment and pessimism which still has major sectors of the country in its grip.

What would the assessment of the first 3 months of the CAP government be? Could it be said that his economic adjustment program was stillborn? Will his government have experienced the tragic effects of defeat sooner, rather than later? Is everything lost, and will the horizon continue to be clouded by dangerous questions? Can CAP change direction and return to a line consistent with the expectations which led to his reelection as president of the Republic?

The Legacy

It is obvious that the events of 27 February were no accident. It is possible that the measures implemented, or more accurately, the announcement of the measures, set off a crisis which had been incubating all throughout recent years.

The policies drafted and put into practice by the government of Jaime Lusinchi did not attack the source of the crisis. They were situational and temporary responses which had some immediate results, and which contributed to maintaining the government image, but in no way did they pave the way for definitive action.

It is obvious, on the contrary, that the piecemeal measures functioned counterproductively, deepening the crisis while at the same time glossing over the situation. The electoral campaign served to drain off popular tension, and the demands for a definite and heroic solution to the crisis were transferred to the government which would emerge on 4 December.

The situation made things much more difficult for Perez, in that the president elect had to answer for the tremendous popular weight of his preceding government. How could the ordinary voter be persuaded that it would now be necessary to govern on the basis of terrible limitations, without major resources with which to pursue a policy with a social content? How could the man in the street understand that Perez—whose candidacy had had the support of vast popular sectors, and the Democratic Action [AD] as its base—would have to turn to different economic schemes?

Perez had another factor against him. Even if he wanted to, he could never be free of responsibility for what happened during the preceding government. For Lusinchi, the method of pushing the blame for his initial mistakes onto the shoulders of Luis Herrera Campins worked well. Perez could not do this for reasons of basic political solidarity. Thus his maneuvering room was substantially reduced, and a public-opinion problem which could not be dismissed was created.

The Magnitude of the Crisis

Perez had to deal with yet another additional complication. Certainly the new chief executive was never truly aware of the full magnitude of the crisis and the administrative situation he would inherit. Although CAP did announce an adjustment program and always talked about correcting the economy, it is possible that he really never imagined that the eruption would come so soon, and that he would have to proceed without delay of any kind. In practice, Lusinchi succeeded in stalling (a skill many attribute to the bureaucratic experience of Hector Hurtado). In the early days of February, international reserves had been pulverized, and the economy was moving toward a state of virtual paralysis. What should be done in this situation? Was it possible to postpone this paralysis any longer? Had the time for the inevitable surgery not come?

The Package

Perez made a start by announcing a package of economic measures designed to deal with the situation he inherited in radical fashion. No one doubted the need for the measures, and even for their extreme harshness. The debate centered on the method of implementing them. In the view of some, there was no alternative to "shock treatment" to be followed by subsequent adjustments, while in the view of others, the package needed to be put into effect slowly and gradually. However, it is clear that whatever the case, the consequences would be the same.

It was illusory to assume that the measures would be accepted by the country, with no real resistance. For the first time, the government had accepted the fact that prosperity was in the past, in a country accustomed to easy success. For the first time, no social compensation was offered to offset the havoc which the measures would inevitably create in the lowest income sectors. Any compensation formula—more demagogic than equitable, and generally inspired by political charity—was impossible within a situation of acute constraints. For the first time, businessmen faced the reality of open competition, without excessive protection by the state, and the workers found themselves forced to make a greater productive effort.

Solitude

The popular explosion on 27 February, which was induced by the abrupt increase in the price of gasoline, and consequently, in mass transport fares, but which cannot be regarded as an organized protest against the measures, led to the development of the awareness and organization of civilian society (the association of mortgage holders, farm producers, etc.), which did indeed tend to challenge the effects of some measures. The government response to this civic resistance phenomenon has been partial acceptance of the demands of the citizens, and the resultant elimination of some aspects of the economic package. While these concessions do reveal the capacity of civilian society to exert pressure and the willingness of the government to compromise, they may lead to a distortion in the goals and purposes of the package of measures. And in the end, this would prove definitively catastrophic for the strategy adopted to correct the economy.

Why has Perez made substantial revisions of the package? Is the government unable to pursue full implementation of the measures, as the only possible way of obtaining fresh money from the multilateral bodies and the international banks? Doesn't the present path pose a threat to the final success of the package?

Without a doubt, the government is operating in the midst of a serious storm and with a precarious base of political support.

1) The Democratic Action is giving the package of measures formal support, but is becoming more insistent every day in its criticisms of the principal leaders of the economic team (particularly the president of the BCV [Central Bank of Venezuela], Pedro Tinoco) and the way in which Perez has structured the highest level of government command. The domestic balance of forces itself, following the choice of Octavio Lepage as president of the Senate and Humberto Celli as secretary general of the party, is not favorable to the crystallization of a very firm alliance between the party and the government.

2) The COPEI [Social Christian Party] has chosen a position of frontal opposition. The leading opposition party, rebounding from its lukewarm experience in the opposition to the Lusinchi government, believes that hard-line opposition action would have to lead to a "punishment vote" effect in the 1993 elections. What is taking shape, setting aside the personal administration of Rafael Caldera, is a frontal strategy against the Perez government, despite the fact that this policy does not appear to be achieving major results, according to the most recent polls.

3) The MAS [Movement for Socialism], which emerged after the 4 December elections as the undeniable third force, and had established a policy of "positive waiting" in the early days of the new government, concluded on the basis of the events of 27 February that its line should be strengthened by means of open confrontation with the government and emphasis on a policy of a clearly socialist sort. In order to achieve this, the MAS would have to separate itself from the social democratic proposal by a considerable distance.

4) The CTV [Confederation of Workers of Venezuela], with the help of the skillful leadership of Juan Jose Delpino, has raised the level of criticism of the government, and has in practice become the opposition factor with the greatest weight. There is every indication that the differences between the workers' union and the government will deepen in the coming months, to the extent that the effects of the economic policies make themselves fully felt.

5) The Fedecamaras [Association of the Chambers of Commerce and Industry] has adopted a comprehensive approach to the government policy (despite its insistence that all letters of credit be acknowledged at 14.5 bolivares to the dollar, which would pulverize the package), but it would have difficulty in joining in the proposal for working in concert if, as can be presumed, labor pressure becomes greater in the short- and medium-time range.

On what is Perez relying in order to move ahead? Might the base of the government's political support become weaker still? Might institutional stability even be threatened if the social conflicts deepen in the future? Consistent with his conduct in recent years, Perez hopes to interpret the real factors in Venezuelan society, rather than the conventional party nomenclature, and to strengthen his national and international leadership. This criterion dictated the structure of his government team and the adoption of a global plan to deal with the crisis. His closest supporters say that "things will even out sooner, rather than later." This is what Perez is betting on, and in Venezuela, only he can play the decisive card.

* Phase I—Celebration

33480183 Caracas NUMERO in Spanish
14 May 89 pp 9-10

[Article by Soraya Ospina]

[Text] Carlos Andres Perez could not have made a more majestic second entry into the Miraflores Palace in an effort to measure up, to some extent, to this showman's image which he has in the eyes of most people. And as if in order to stimulate still further the emotions of an entire country anxious to see things move toward a resumption of the proper path, after a tedious and impoverished electoral process, the all-powerful one made a world tour unmatched even by the protagonist in "Around the World in 80 Days." He visited the OPEC countries, passed through Europe, and chatted with George Bush—and even with the leaders of the International Monetary Fund (IMF). And as if to provide the splendid coronation with a prologue, oil prices went up to $18 per barrel.

As Jose Ignacio Cabrujas noted in his preface to the book "The Day the Hills Came Down," published by Ateneo: "He came like a bolt of lightning, magnified, leaving in shadows the 10 years of routine and undifferentiated melancholy. Here came Perez and his traditions again." And the inauguration was worthy of its theater. Without a doubt, it was the most spectacular in history. It was a public relations performance which cost more than $10 million. "But this is an investment," say the "adecos" [AD partisans] and those who, like almost all Venezuelans, would justify anything, like willing drinkers toasting the success of the redeemer.

All of the invited international notables (more than 40) attended, with the exception of Mexican President Carlos Salinas de Gortari (bold voices interpreted this as a possible rejection of the leadership role Perez wanted to play within the Group of Eight) and Raul Alfonsin, who was absent because of a military rebellion which erupted in Argentina during those days. The legion of 14 chiefs of state who did attend was headed by none other than the mischievous little Caribbean leader, Fidel Castro, who had not visited these shores for 30 years.

Thousands of journalists, both domestic and foreign, were accredited to cover the ceremony. But only a few received a special invitation (on the basis of some unknown criterion) to enter the Teresa Carreno enclosure, and thus to experience the very special moment at which authority was transferred.

There were 2,000 persons who actually witnessed the event. The protocol officers say that one of the most complicated problems during the preparations (even more complicated than providing all the props for a replica of the congressional podium) was working out the proper seating for the heterogeneous groups present. The businessmen and the industrialists and their wives were placed on the balconies. The journalists and photographers were given the boxes. And the problems continued on down the line—where to seat the presidential luminaries, the foreign delegations, the former presidents, the diplomatic corps, the parliamentarians, and the outgoing ministers? No small task.

However, it was significant that, in the hope that the occasion would provide an opportunity to heal old wounds, while simultaneously allowing discussion of various problems, the vice president of the United States, Dan Quayle, was put in the same row as Fidel Castro. And while the proximity of Felipe Gonzalez and Fidel Castro, who were seated together, upset no one, a certain tension could be felt to the left of the Cuban leader, who avoided any contact with Dominican President Joaquin Balaguer.

Alan Garcia was trapped between the blind and elderly Balaguer and Mario Soares, who said not a single word to any of his temporary neighbors. Meanwhile, in another row, Oscar Arias, the president of Costa Rica, and Daniel Ortega, the president of Nicaragua, were seated side by side—no one knows if this was done to encourage them to mitigate tensions, or because of an error on the part of the organizers. And Gabriel Garcia Marquez, Jimmy Carter, and Willy Brandt sat like isolated islands.

The millions of television viewers and the thousands of curious citizens who lined the route between the Hotel Caracas Hilton and the Teresa Carreno complex felt like participants in the show. "The satellite pictures show off Venezuela very well," some of those standing behind the security men on the sidewalk said. "That man is inexhaustible. He is just now being installed as president, and he has already organized a meeting of the foreign ministers of the OPEC countries and the Group of Eight. And he is surely going to make a point of talking to all of the presidents who have come here," some of those best informed were saying.

But it was not only the people who watched the event with open mouths. The international guests themselves made it clear in their statements that they were enthralled by the attractive style of Carlos Andres Perez, "the only president reelected by a voting mandate," they insisted. To the point that even Jose Sarney was drawn in, despite the fact that according to the norms in Brazil, presidents do not attend inaugurations.

But this was a different case, because in addition to being regarded in practical terms as a reelection in one of the countries with the "greatest democratic stability," in this instance, problems such as the foreign debt, oil prices, the Third World, and Latin American integration—a point which had to a great extent been neglected since Perez left the presidency 10 years ago—would be taken up.

The important thing is the so-called rallying capacity of Perez and his desire to go down in history. And although in his initial address, the new president failed to satisfy the widespread hope for an announcement of important measures (in the days of his first administration decrees filled with measures which made everyone happy rained down), the people forgave him, because they knew that many of the measures to be announced would be harsh—price increases, salary freezes, the signing of the letter of intention with the IMF—and it would not be desirable to reveal them in front of so many important guests. And it would be better if the discussion were not as fully detailed as it often is in these cases in Venezuela, for Fidel Castro, the star, yawned a number of times, and not infrequently the television cameras showed him whispering with Felipe Gonzalez, because almost half of the speech dealt with the strictly domestic situation. The international aspect was an eyeopener.

Similarly, it would have been in bad taste to mention that the international reserves total was only $200 million. This is a figure which is always included in this type of address. But without a doubt, mention of it here would have put Jaime Lusinchi, jovial up to that point, in a bad light, and would have alarmed the country while it was basking in waves of optimistic expectations.

But there was an additional justification for this omission. The package of measures was not yet ready, "because some details remain to be worked out." And in the interim, the people have had 14 days of bickering—a very different thing from the line imposed by Carlos Croes at the head of the OCI [Office of Central Information]. This attitude would take its toll some days later, when an amorphous people stopped short to look at the country and exclaim: "Hello! What is going on?" The rest is a story all too well remembered.

* Phase II—Big Package

*33480183 Caracas NUMERO in Spanish
14 May 89 pp 10-11*

[Article by Alfredo Carquez]

[Text] The streets were as empty as if one of those Brazilian soap operas which grip the attention of the people for months on end were just reaching its climax. There was no one who was not watching a television set. And in the places without one of these magic windows, the radio made an effective substitute. The important thing was to learn what is going to happen in this country.

Finally, President Perez was preparing to unveil the package. It was past 5 pm on Thursday, 16 February. The expectations, swollen because of the long wait and the mass of information (unofficial, naturally) circulating in the streets, awaited satisfaction.

For as of the very day that Carlos Andres Perez was elected, many people sensed that something would be done in the economic and social sectors, after a period of many months of serious paralysis in decisionmaking because of political desires. They ranged from the hope of achieving a triumph for the party to maintaining the popularity levels in the OCI [Office of Central Information] polls. The slogan was something like "Hurry up and don't stay behind."

And as the time when delay was tolerable was quite obvioulsy long past, the people of Venezuela wove a web of hope, based on the certainty that harsh reality lay ahead. But hope, the collective memory of the first term of office, and the desire to continue to experience prosperity did not last long, one could say, before turning into depression.

And on the very day of the inauguration, 2 February, it was predicted that financial rates would come to about 42 percent, and that for debts, the figure would be 2 points less. This was one of the rumors circulating in the streets in the days prior to the shock wave.

The Bucket of Water

Also on that same date, discussion developed concerning letters of credit. It was noted that if they were not honored at 14.5, the losses would total nearly 103.5 billion bolivares. Three days after what the opposition sectors dubbed "the coronation," EL DIARIO DE CARACAS carried a front-page headline reading "Economic Adjustments To Begin Wednesday." But it was not on Wednesday, 8 February, that the people of Venezuela were officially told what the long-awaited measures would include.

The bucket of ice water was a week longer in coming.

And so, little by little, the liberation of interest rates, of prices, the elimination of the controlled dollar, and the increase in gasoline prices began to be made known.

Carnival was in full swing. While the Cordiplan [Office of Coordination and Planning] minister explained that without foreign resources, the dollar might take off like a rocket, and that in order to achieve the former and avoid the latter, the letter of intention with the IMF had to be signed, Alexis Sierraalta, the economic adviser to the CTV [Confederation of Venezuelan], was saying that the program of the new government would in the end be "more inflationary than the devaluation measures approved by Jaime Lusinchi's government in 1986." The Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry] was hoping, at that time, to be summoned to meet with the president to negotiate an agreement. Its president, Hugo Fonseca Viso, had his fingers crossed about the reestablishment of economic guarantees.

The Ministry of Agriculture and Livestock announced that imports of milk would cease, to the great delight of the national livestock sector. On the other hand, the rice producers were protesting the import authorizations for that grain which they said were issued by the office of Fanny Bello. The shortage of wheat flour led to the disappearance of "people's bread" (QEPD), and the price of yogurt jumped to 9.75 bolivares at one fell swoop.

With only 8 days to wait before the package would be announced, Minister of the Secretary of the Presidency Reinaldo Figueredo practically ordered the CTV to take a few tranquilizers, to keep calm, and to avoid a case of wage nerves. At just about that same time, President Perez received hopeful news from the Caribbean. Another former president, Michael Manley, of the social democratic National Party of the People, was the protagonist in a repeat of what happened in Venezuela (with due acknowledgement of the differences, of course). He came to power a second time, after having held office in times of prosperity. And as happened here as well, he did so while seeking the support of the IMF and promising liberalization of the economy.

On 10 February, the national press carried a report datelined Washington announcing IMF support for the Venezuelan adjustment plan. To this very day, we are still waiting for the $200 million which, according to Miguel Rodriguez, will come from that multinational body toward the middle of this year.

Confusion

Finally, when it appeared that the opposition parties were not entirely convinced during the meetings with the government, the Fedecamaras was invited to join in. But those attending the meeting on Saturday, 11 February, left in a state of confusion. The IMF does not want to hear of acceptance of letters of credit at 14.5; it will not agree to foreign exchange losses in excess of 30 billion bolivares; and as if this were not enough, nothing was said during the initial meetings about the economic freedoms. Nonetheless, the businessmen who attended the meeting (Hugo Fonseca Viso, Jorge Chapellin, and Roger Boulton, the presidents of the Fedecamaras, Conindustria [Venezuelan Council of Industry], and Consecomercio [National Council of Commerce and Services], respectively) described it as positive and characterized by real consensus.

The dollar reached a level of 38.45 bolivares. Perhaps because of nervousness following the announced denial of approval for the rate for letters of credit, and their placement on the free foreign exchange market, it began to fluctuate erratically. It was 15 February when Rodolfo Jose Cardenas, who had just arrived in the country from Spain, was presented with a warrant for his arrest.

Finally, Thursday, 16 February arrived. The emptiness of the streets in Caracas was evidence that the people could not tolerate any more waiting. But that same day, information also became available before confirmation was received. It was said that gasoline was going up to 2.75 bolivares per liter, and interest rates to 28 percent. The dollar was floating, and the basic market basket would include 26 products.

Meanwhile, the Fedecamaras and the CTV reached a deadlock on the wage issue. The Fedecamaras, pending announcement of the adjustment program, would not give the green light to the possibility of wage increases. The CTV thought differently—without wage increases, there could be no support of the government's economic plan.

That same day, when speculation could go no further, what had been awaited so long was announced. There would be liberation of the credit and debit rates, to the despair of mortgage debtors; there would be a single floating foreign exchange rate, benefiting exporters and a source of sorrow to those who had profited from Recadi. Public service rates would be increased, to the displeasure of almost everyone, and the price of gasoline would go up, with the same result, igniting a spark which was to become a voracious flame. Prices would be liberated, including the fees charged by psychiatrists and other saviors of souls, and there would be a wage increase of 30 percent—ephemeral but necessary. The basic market basket would contain 18 regulated—only regulated—products.

Paradoxically, on that same date, one of the few optimistic voices (in addition, of course, to those in the government) was that of the National Supermarkets Association (ANSA). That organization thought that "the economic measures will put an end to shortages." This was excessive optimism, in view of the avalanche which came later, without even having the courtesy to warn anyone.

* Phase III—Mutiny on Board

33480183 Caracas NUMERO in Spanish
14 May 89 pp 12-13

[Text] It was like entering another world. On the radio, the newscasters announced the new increases in voices devoid of enthusiasm. The same announcements were carried in print in the daily newspapers. The television news left no audiovisual doubts—inflation was winning the race and the citizens were losing it. One of the social measures included in the program of adjustments—the 30-percent wage increase—sank out of sight as rapidly as former presidents in Miami. And this was for government employees only, because the workers in the private sector had to wait for an agreement to be reached between the CTV [Conferation of Venezuelan Workers] and the Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry]—an agreement which required something more than simple negotiation.

On Sunday, 26 February, in an interview carried in the daily EL NACIONAL, Pedro Tinoco, the president of the Central Bank of Venezuela, stated that payments of interest and principal on private debts would be suspended until 28 February, the credit balance to be negotiated with the public, as a block. Also in the forefront were the new gasoline prices and those for powdered milk—100-percent figures, of course.

The increases in prices for the various types of gasoline were accompanied by higher rates for urban and interurban transport fares. When the press in Caracas reported on Monday, 27 February, that Hugo Fonseca Viso, the president of the Fedecamaras, had said that "a violent process of liberating prices would be undesirable," the drivers at the taxi stands in Guarenas did not seem to agree. And so, ignoring the consequences and motivated by the belief that the people of Venezuela would be stoically tolerant, they began to collect fares above the rates established by the Ministry of Transportation and Communications.

And the consequences were beyond calculation. The people took to the streets, and there was more. Tires were taken off vehicles to feed bonfires on the pavement. The news spread throughout the country. The bedroom cities followed the example set by Guarenas. In Los Teques, Troy began to burn. In La Guaira, there was a kind of social tidal wave.

The spark of crisis spread to the outlying cities as to a bone-dry prairie. Anarchy took over Caracas as well. At the beginning, the entire student bodies of some of the high schools roved through the city. Groups of motorcycles sped along the avenues. La Libertador was chaos personified. La Francisco de Miranda, in Chacao, had a desolate look because of the broken windows and scattered garbage. Burning buses served as barricades in Francisco Solano.

The Letter

While the social protest against the effects of the implementation of the economic adjustments was gaining strength, the Venezuelan delegation in Washington, which included the president of the BCV, Pedro Tinoco; Minister of Finance Egle Iturbe; Cordiplan Minister Miguel Rodriguez; and debt negotiator Edgar Leal, began talks with the IMF with a view to obtaining a credit bridge in the amount of $1.5 billion.

On Tuesday, 28 February, the street protest reached its apogee. The pillaging, violence, fear, and death continued. That same day, the IMF letter of intention—the same one rejected in the National Congress until it was endorsed by the officials of the multinational financial body—was signed.

In the letter of intention, the government set the foreign financing requirement for 1989 at $6 billion, with the stipulation that more than $3 billion in letters of credit would be paid off at 14.5 bolivares to the dollar. It set forth a plan to increase the international dollars in the hands of the Central Bank this year to $400 million, and it stated that the policies drafted by the executive branch for the medium time range seek the following goals: to bolster domestic savings, to encourage the influx of foreign capital, and to diversify the economy through a process of adjustment and liberation. The estimated inflation rate quoted in the document for 1988-1989 was 35 percent (a month later, inflation had reached 26.5 percent). In the commitment made to the financial body, there were also provisions for an increase in public service rates and foreign exchange standardization.

The discussions between the CTV and the Fedecamaras are still in volcanic eruption, and there is no sign of white smoke yet. On 27 February, the workers' trade union submitted a "definitive proposal" calling for a wage increase of 50 percent, job stability for 6 months, and a review of the collective bargaining contracts in effect. The businessmen's organization, for its part, charged the CTV with responsibility for "any situation resulting from the wage problem."

No one knows what served as the catalyst to speed up the process. Would it be the deeds of violence? Former president Rafael Caldera was one of those who expressed regret that the people of Venezuela had to experience all that happened in order to win a wage increase of 2,000 bolivares. What is certain is that the increase was granted in the midst of social upsurge.

The shortages suffered by the consumers on the days prior to the announcement of the package became more acute [line or lines missing from original text] and the merchants' fear of opening their shops. A curfew came too late, as many people believed it should have been imposed beginning on 27 February. The curfew, along with the rumors of a coup d'etat, bolstered by a cabinet upset, were reminiscent of the 60s.

The disturbances brought the bank to a realization of the problem, a newspaper in the capital said in a headline on 3 March. It is a good thing that so many deaths served some good purpose, at least. But to date, no results have been seen in terms of concrete deeds. With nothing but pure rhetoric, the country continues to await the famous fresh money, while it hopes that the current president will not be "deceived" by the bank, as the man who recently left that post was. On the other hand, good intentions like the Brady Plan have produced undesirable results for the debtor nations of the Third World, such as Venezuela. The credit quotations on the secondary market have gone up. For this country they have increased from 34 cents on the dollar in March to 36 cents in April.

"It was hard to believe that Carlos Andres Perez, who had soared into the Caribbean sky in body and soul, would be brought down to earthly reality so abruptly," the Spanish periodical CAMBIO 16 said. But this is a difficult concept for those who forgot for a period of years that Venezuela is a part of an entire region which is in crisis, and is steadily exhausting its capacity to hold out.

* Changes Result in Confusion

33480183 Caracas NUMERO in Spanish
14 May 89 p 13

[Text] Never before have the first 100 days of a democratic government been accompanied by such violent events as those experienced during this second Carlos Andres Perez [CAP] presidency. In 3 months, CAP has spoken to the country four times, in different tones of voice—at his inauguration, when he announced the economic package, when he appealed for calm and good sense following the events of 27 February, and just prior to 1 May. And this does not include the press conferences and other addresses.

Despite this, the people continue to be submerged in a sea of disinformation and uncertainty. And they are experiencing the rigors of acute shortages and a process of runaway inflation unprecedented in history.

The survey firm Penn and Schoen has taken the pulse of Venezuelan public opinion with regard to the way in which CAP dealt with the disturbances. The results which were released at the beginning of April indicate that 72 percent of those questioned approved of the president's handling of the chaotic situation. But 52 percent, on the other hand, expressed the view that the economic measures imposed by the government were not necessary.

It is understandable that the popularity of the president may have eroded between that date and the present, if we bear in mind that inflation exceeded 21 percent in March, and that it may have reached an equal figure in April, thus making the possibility of a presidential exile ever more real.

Nevertheless, there has been a glimpse of consistent opposition in recent days. And the demands of the CTV are still pending. But they may be silenced by a firm promise to return the administration and custody of the Venezuelan Workers' Bank (BTV) to the workers' union. And all of this would be in order to avoid retreating even a millimeter from the implementation of the economic measures drafted by CAP's lads.

There remain, as palliatives, some measures in the so-called social package. They include the establishment of a commission to combat poverty, and a network of people's markets. There will be a program offering food grants to 600,000 families, and 42,000 new day-care facilities will be opened. Outpatient clinics and service units in the neighborhoods will be rehabilitated. This is an analgesic which will cost 31 billion bolivares.

* Phase IV—Depression Sets In

33480183 Caracas NUMERO in Spanish
14 May 89 pp 14-15

[Text] Following the excesses of 27 February, the country found itself submerged in a collective moral morass. Good feelings, which had been dormant for who knows how long, flowed more naturally. Local residents made an act of contrition, there was evidence of good actions, and there was no talk of renewing the conflict. Those needing products had no difficulty engaging in barter—detergent in exchange for milk, green vegetables in exchange for a cup of rice. And the merchants, who weeks earlier had been hoarding goods, put all their stock on sale.

The residents of Caracas were happy to plunge into the hubbub of traffic again, after viewing with regret some streets resembling those in a city after a nuclear bombing.

The whole country began to feel some relief when the television screens showed the people that "their leaders" were alive. For there had been for a number of days the unpleasant suspicion that they had left the country.

And while the sensation of abandonment faded, aided by immigrants' statements that they were returning to their fatherland, a serious degree of depression was sweeping over everyone. In the long and repeated periods of reflection, the people of Venezuela could not fail to conclude that "something might happen" subsequently.

In record time, the people learned to be clairvoyant. They even borrowed money, when they had none, to buy supplies. And fear that the disturbances would recur or that speculation or shortages would become more acute led the people to spend their money on nothing but food or other essential items. One even heard this wisdom in the waiting lines: "This is not the country it was before, because it has been plundered by the politicians." Behind this conclusion there was a little bit of the vague fear the president himself reflected just a few short hours after the chaos erupted. "This was a battle of the poor against the rich."

The rumors began to develop, equal to the full inventive potential of the Venezuelan citizens, which is equivalent to their innate capacity to laugh at their own miseries. Every day there was some new "twist." The most frightening was the rumor which circulated on Monday, 27 March, just a month after the disturbances, to the effect that the citizens of a number of settlements were marching on the heart of Caracas in order to resume the pillaging. By 11 am, a majority of the businesses and shops had closed their doors. And the whole thing was provoked by some shots fired in the air by Army troops to disperse the crowds of passersby and vehicles surrounding an old lady who had been struck by a bus on Baralt Avenue. This was enough to spread terror throughout the city.

There were even those who said that the situation had been contrived by the Military Intelligence Office (DIM) in order to study the reaction of the people. Indeed.

A gesture which somewhat lifted sagging spirits, and which recalled the days of the Punto Fijo Pact, was made by President Perez, in taking former president Rafael Caldera with him to support the plans to be presented at the Atlanta Meeting, where there would be discussions, on the highest level, of the Brady Plan and possible solutions to the problem of the debt.

A striking image was carried again and again on television, showing the moment when Carlos Andres Perez [CAP] got out of his limousine to be greeted by the North American dignitaries waiting in a line to welcome him. He turned and gestured toward the door of the official car as if to say "look at the man I have brought you." And then Caldera stepped out of the vehicle.

The moral decline deepened as the new prices devoured the increase of 2,000 bolivares decreed by the government and to the extent that the president insisted on going ahead with the package, while on the other hand, no alternative formula emerged. The first publicity messages issued by the Office of Central Information announced that the plan put into effect by CAP was the only possible means of moving the country toward healthy economic growth. The new slogans were "through the efforts of all, we will move forward" and "Venezuela, rely on me."

Given the stubbornness of the government, and because the so-called concert has its limits, the people, on their own initiative, launched the first demonstrations of civilian organization. A newly created Debtors Club seized control of the Prados del Este highway, where for several hours the demonstrators distributed fliers and protested the liberation of interest rates. This group was excluded from the subsidy initially announced, which protected housing costing up to 900,000 bolivares and purchased prior to 16 February.

The protest, in which a number of opinion groups joined, soon had repercussions, such that in less than a month, the Supreme Court of Justice had to abrogate the liberation of rates. The economic cabinet found itself racing to block the judgment of the court, and after various stumbling efforts it decided to expand the subsidy to cover all mortgages up to a million and a half bolivares.

In the midst of all the fuss, the board of directors of the Central Bank decided that temporarily, both debit and credit rates would be set within a range of 23 to 33 percent.

With tension reduced on this front, new factors emerged to add to the brew of uneasiness and uncertainty among the citizens. One was the disappearance of the currencies, and the other was the Recadi scandal, where an overdraft of more than 50 percent was discovered in the preferential foreign exchange budget for 1988.

As the investigation was launched, the names of important officials in the preceding administration came to light, and as a result, the former vice minister of finance and development and former director of Recadi, Hector Meneses, attempted suicide.

And after the Second Special Congress of the CTV [Confederation of Venezuelan Workers] had been held, and after the long awaited 1 May, which was preceded by a five-point earth tremor which made the hearts of the sleeping residents palpitate, the new reality emerged in its full dimensions, and very clearly. There can be no doubt that we are living in another country.

* Alternatives to Package

33480183 Caracas NUMERO in Spanish
14 May 89 pp 15-18

[Article by Ingrid Priego]

[Text] Leopoldo Diaz Bruzual, who will be remembered for his monetary fund enthusiasm, appears rather moderate today in his discussion of the economic strategy he would have implemented if he were still in the post he held as president of the Central Bank of Venezuela during the Luis Herrera Campins government.

His plan would have been completely different from that being put into effect by the Carlos Andres Perez administration. "I would have initiated adjustments downward," he says, and he points out that the man who in 1982 was already talking about linear standardization of the dollar, and who a year earlier liberated bank interest rates, now regards these measures as excessive, but he has his arguments.

On monetary policy, he says "I would maintain a restrictive monetary policy, but with low interest rates (to begin with, he would not have liberated interest rates), since the same effect could be achieved by reducing the volume of rediscounts and advances, as well as by using other mechanisms available to the BCV [Central Bank of Venezuela], without the negative effects of the high rate policy, such as halting investments in many sectors. Moreover, the export of foreign exchange is not being avoided. It is continuing, due to lack of confidence. Nor are high interest rates encouraging savings, since in an inflationary period, people do not tend to save, but rather to consume."

"Although I am a defender of linear devaluation," Diaz Bruzual explained, in connection with the exchange policy, "I would have devalued the bolivar, but not to the extent of the current devaluation. It seems to me that the desirable thing would have been to maintain the exchange differential for a time, and the foreign exchange controls should have been left in the hands of the Central Bank, to which they fall by law, and also thanks to its experience (we remember that it had this responsibility between 1960 and 1964). Rather than standardizing and floating the dollar, it would have been better to try to bring the official exchange rate closer to the free exchange rate. This could be achieved through the implementation of the complex of policies I suggest." He went on to say, on the subject of trade policy, that "I have always been an advocate of liberating the majority of prices in Venezuela, but with the implementation of sufficient corrective measures to prevent them from getting out of hand. Therefore, liberation should have been accompanied by the establishment of a functional, dynamic, and elastic customs policy, which while providing reasonable protection for the domestic productive apparatus, would at the same time open up the possibility of competition on the domestic market for imported products. One cannot plunge into standardization and liberation, as the government has done, heedless of the very serious maladjustments caused by the differential exchange system created in 1983 and the tremendous budget deficit of the past 3 years."

Fiscal policy is a sector which has not been dealt with properly thus far, in the opinion of Diaz Bruzual.

"A veritable tax reform is indispensable. Direct taxes, capital taxes, taxes on farm property, must be established so that idle assets will be put into production. Following this, I would think of indirect taxes which really affect the upper income sectors more and the vulnerable groups less. Substantial bureaucratic pruning is also necessary. All of these things would have a doubly beneficial effect. They would liberate budget resources, while on the other hand, although at the beginning unemployment would increase, these people embedded in the public administration would in the short- and medium-term enter into more productive activities."

The former president of the BCV commented that "it seems that the adjustments are causing further maladjustments," because in his opinion, "there has been no effort to correct the budget deficit. The price increase is greater than was estimated, and the rate of exchange is being kept relatively stable through the sacrifice of foreign exchange by the Central Bank on the free market."

Diaz Bruzual maintains that the economic-adjustment plan the government is pursuing is not satisfactory to the IMF, because that organization, "with which I am very familiar, is seeing no positive results from the measures. This is one of the factors which have hindered the flow of fresh money to the country," he says with certainty.

The Money First

Economist Jose Domingo Sosa, a partner in the Investment Bank recently jointly established by the Provincial Bank, Chemical Bank, and Credit Lyonnais, says that before "promulgating the economic package, the government should have increased the cash funds."

Getting everything in place before launching the plan was a basic requirement, in the opinion of this expert. In addition, he does not understand why the new economic measures were implemented immediately after Carlos Andres Perez became chief of state.

"The problem is that the change in the strategy began without a minimal base of resources to support it, which has substantially raised the level of the standardized and floating dollar, the liberated prices, and interest rates. It would have been different if these policies had been put into effect after establishing a proper level of foreign exchange to make it possible to manage the different variable factors in play. Without a doubt, the liberations would not have gone too far in such a case."

On the subject of inflation, Sosa insists that it would have been best to await the arrival of the "fresh" money which is being negotiated, and which has certainly been delayed "by poor handling of the negotiations with the creditors," according to the information available to him.

"If the bridge credit for which the country is still waiting had been added to the suspension of principal and interest payments on the foreign debt and the obvious reduction in imports, devaluation and standardization would not have raised the exchange rate so much. The current quotation on the free market is very high, which encourages inflation. And while, on the other hand, the monetary policy is designed to make interest rates positive in comparison to the increase in prices, the value of money is taking off, and so is inflation.

"Furthermore," Sosa adds, "there is no business here which is achieving a profit rate of 35 percent, and so businessmen now prefer to pay off everything they can, because they are really being pilloried by the problem caused by nonacceptance of letters of credit at the agreed rate of 14.5 bolivares to the dollar. This shows us that there is no investment capacity because there is no savings potential, and the situation points toward a severe recession this year."

In this connection, the economist thinks it is "infantile" to believe that an economy which has been sick for 3 decades can be cured in a year, as the Cordiplan Minister, Miguel Rodriguez, suggested initially.

"The current scheme," he comments, "is punishing the importers because of the high price of the dollar, as well as the consumers, who are trapped by price liberation, wherein it is allowed to do anything, lacking a customs policy which encourages competition (on the basis of greater efficiency, better quality, and lower costs) between domestic and imported products."

Sosa is not optimistic. "I would hope that everything comes out well for the government," he says. But he believes that only a lucky accident such as an increase in oil prices can block the negative effects of the "blundering way in which the situation has been handled."

Former Minister's Suggestion

Former Cordiplan [Office of Coordination and Planning] Minister Luis Raul Matos Azocar maintains that as an alternative to the violent liberation of all the markets or the option of excessive state intervention in the economy, there is a whole range of possibilities which could alleviate the social cost of putting the crisis behind us. Matos favors gradual acupuncture over shock treatment as the medical remedy.

"It is possible to proceed with selective planned intervention," he explains, "wherein the enterprises could be given a very high level of autonomy, without the state's losing total control of the process. And at present, the state seems to have lost control."

Matos defends the thesis that it is not possible to eliminate all the regulations because there is a question which must be asked. "Will we have an uncontrolled economy? Out of control?" He does not want this, and he suggests that instead of price liberation, "income control" is available as an option.

"This does not necessarily mean price and wage control. Instead, it should be possible to establish enterprise production costs and profitability, so as to agree on an adequate profit which will allow the productive bodies to repay capital investments, in order to guarantee the savings essential to maintaining enterprise financing. This information could very well be used by the trade unions to avoid excessive increases in prices and ensure just wage remuneration."

Matos Azocar questions the foreign exchange standardization, because he believes that a selective criterion should prevail in managing foreign exchange so that it can be used in accordance with the priorities of the nation.

Nor does this Democratic Action leader believe that high interest rates encourage savings which will dynamize industry. Quite the contrary. He believes that there will be a decline of between 3 and 4 percent in the gross domestic product in 1989, that unemployment will increase substantially, "and that the government estimate of 35-percent inflation for this year has already been more than exceeded.

"No one denies the need for corrections in the Venezuelan economy, but there are other alternatives possible. It is a question of method," he says. "For although the oil income has been squandered, it is there, and the only way of legitimizing the allocation of resources is to use them to ensure an economy characterized by sustained growth in the future."

A Transition Policy

Hector Silva Michelena provided a detailed commentary in the book "An Alternative to the Policy of the Government," which he wrote jointly with economists Domingo Maza Zavala and Armando Cordova (it will be published within a month). Their investigations led them to conclude that there are indeed choices, other paths along which to direct the policies designed to ensure the recovery of the country.

"We insist on the need to undertake a new type of regulation of the economy, wherein the state will play a different role and the monopolies and oligopolies will be controlled with a view to developing a competitive economy," Silva explains. "For it is not true that the market in itself can resolve everything, as the government is saying with its neoliberal policy. The fact is that there is no market in Venezuela. Liberation in our country does not mean putting the market forces into play, but rather the forces of the great powers. Because this market is weak and inadequate, it must be integrated and encouraged to develop.

"On the other hand," this economist adds, "the state itself should be debureaucratized, and this can be achieved if it withdraws from the activities in which it should not engage, for example small and average productive enterprises which have no strategic value. This is a sector, moreover, where the public sector is squandering vast resources and is functioning most incompetently. The state should concern itself with sectors such as scientific research, where it is investing less than 0.5 percent of the income."

The goal in the medium- and long-term should be, in Silva Michelena's view, harmonious relations among the state, civilian society, and political society, in a search for basic satisfaction of the fundamental needs of the population.

"Balanced development is not going to be achieved with significant fiscal deficits and balance of payments, but it can indeed be achieved by increasing industrialization, replacing imports, and combining the two with the encouragement of nontraditional exports, all the while protecting our comparative dynamic advantages and taking a social interest in the future."

Silva Michelena does not go along with trying to reduce the fiscal deficit by devaluation and foreign exchange standardization. A healthier way, in his opinion, would be to increase the income of the state through more effective collection of the income tax. "Why has the tax reform in Venezuela been postponed?" this expert asks.

Nor does he agree with the free-floating dollar for the consumption of foreign exchange, since a certain stability is needed here.

"We propose strict exchange control, with a rate, for the time being, of 21 bolivares per dollar, which is the true parity," Silva says. "This would not be fixed, but would vary, with periodic minidevaluations, in order to maintain a certain balance between the value of the bolivar and the currency basket of the countries with which we have trade relations. This approach to the foreign exchange policy would allow selective control of imports, which is very important in this era of limited foreign exchange."

This economist does not think it is dangerous for exchange control to result in a black market in foreign exchange, provided that the black market dollars do not dictate the development of the economy. This may happen, but can be prevented.

"This can be avoided with a new price policy based on income, both for the profit margins of businesses and for the wages of the workers. A body should be created for the joint establishment of the price margins, based on these parameters. In my view, the key to agreement, which is very important, lies here.

Another basic aspect, Silva Michelena says, is the foreign financing which the country can obtain through various formulas. He regards the signing of the letter of intention with the IMF as unnecessary in this connection, for in his view, it deprives the Venezuelan state of its autonomy.

"Making use of the first lot of IMF credit and the reserves the country has with that body would have made $800 million available, without any conditions. It is important for the government to attempt to reduce the foreign debt and interest rates as much as possible, and to extend the payment periods, but this should be done on the basis of a joint strategy with the heaviest debtors—Mexico, Brazil, and Argentina. In this way, substantial resources could be liberated. And the executive branch should also make more intensive use of the process of negotiating direct financing with the creditor governments, multinational bodies, and banks, in order to free itself from the clutches of the IMF."

* Perez Calls for Lusinchi's Prosecution

33480188b Caracas EL NACIONAL in Spanish 14 May 89 p D-6

[Article by Allan R. Brewer Carias]

[Text] In its 10 May 1989 session, by a vote of 100 to 93, the Chamber of Deputies rejected the opposition proposal that a special committee be established to pursue a political-administrative investigation of the administration of former president Jaime Lusinchi. Thus any possible investigation of the preceding government will have to be carried out through the standing committees of the Chamber, thus reducing the likelihood of a general political judgment of the administration of former president Lusinchi, which might culminate in the imposition of political sanctions on him for the actions, decisions, or omissions during his time in office.

Under our constitutional system, the sentencing of former presidents for civil and criminal liability falls to the courts, while judgment of their administrative responsibility falls to the Office of the Controller General of the Republic. Evaluation and judgment of the political liability of a former president of the Republic, on the other hand, are the exclusive prerogatives of the Congress. Without a doubt, this was the aim of the proposal rejected by the Chamber of Deputies, in order thus to reduce the likelihood of a general evaluation of the political responsibility of the former president.

In his case, however, while for the time being the Chamber of Deputies has made no statement evaluating or assigning political responsibility for the political errors, actions, or omissions which were committed or carried while he headed the preceding government and which led the country into its current economic crisis, the truth is that the man who has already made very serious "charges" against him is President Carlos Andres Perez, and not just some of his ministers, as former president Lusinchi believes, to judge from what he said in a televised interview with N. Bocaranda on 10 May 1989.

In fact, in his inaugural address, President Perez had already referred obliquely to Jaime Lusinchi's government as the cause of all the evils confronting him when he took over the presidency. But then, in the televised speech delivered on the eve of the 1 May celebration, he set forth the concrete "charges" which would justify a political "trial" of the former president of the Republic, which the Chamber of Deputies nonetheless refused to instigate.

The following is a summary of this "bill of particulars," in which President Perez also justified the measures approved:

1. President Perez accused the Lusinchi government of having incurred "the inevitable responsibility for leading Venezuela into a bottomless abyss of chaos and hyperinflation," for in order to avoid that responsibility, President Perez alleged, it would have had to "make profound adjustments in our economy." This is the reason for the "inevitable responsibility" which former president Lusinchi incurred, politically and by omission, according to President Perez.

2. In speaking of the economic measures his government has adopted, President Perez said that "the measures did not cause the crisis. The crisis led to the measures." In other words, the government of former president Lusinchi provoked the crisis, so that the government of

President Perez apparently had no other choice but to approve the economic measures. They serve as an accusation that former president Lusinchi bore political responsibility for the actions and omissions of his government, which President Perez called "diabolical in nature" because of the historic crossroads to which it led the country.

3. In addition, President Perez was absolutely clear and direct in assigning responsibility for the crisis to the Lusinchi government, leaving no room for doubt with his charge that it engaged in the following "vicious practices." "We all know," he said, "that in the past 5 years (the years of the Jaime Lusinchi government), we have paid more than $28 billion (in 'the greatest refinancing in the world,' as it has been called), but we continue to owe practically the same amount. And this was the error we committed (or which the Lusinchi government committed) in order to maintain a cheap dollar for imports of all types, and to hold back inflation. We all know about the artificial price control (put into effect by the government of Jaime Lusinchi) which led to the shortages and the steady decline in the quality of products and services."

Indeed, to date, there has been no more specific charge of political incompetence than this one made against the government of former president Lusinchi, which questions his political responsibility and should also be assessed and ruled upon by the Congress. Thus far, President Perez has only functioned as the "prosecutor," formulating "charges" which the representative political body would be required to consider.

4. In describing the "vicious practices" pursued by the government of former president Lusinchi, President Perez accused him of pursuing "artificial economic leadership," of "maintaining a false standard of living," for which he "had recourse (improperly, without a doubt) to international reserves," pushing the "fiscal deficit" to levels never seen before. He also accused the government of former president Lusinchi of permitting the deterioration of "the schools, hospitals, and other public services...to alarming levels," referring further to a still more serious situation, because "of the fact that all of the state bodies are in a situation of debt and budget inadequacy running to many millions." This, without a doubt, would represent the crime of misappropriation, as governed by Article 61 of the Organic Law Protecting Public Assets. It is President Perez who is making the accusations and formulating political charges.

5. In addition, in justifying the "dramatic decisions" which his government is making, President Perez based his argument on the need to move past the conduct he attributes to the government of former president Lusinchi, which "buried its head in the sand, acting as if nothing had happened." He charged that government with "juggling accounts in order to continue distributing the wealth" or to maintain "a source of corruption" like Recadi. This picture which President Perez described with the statement that "this is the truth and there is no other," forcing him, he said, to proceed with "a profound correction of the economic and social system," was designed, in his own words, to prevent the country from continuing "along the same path" (that pursued by the government of former president J. Lusinchi) which was plunging "the country into chaos with unforeseeable consequences, in the most irresponsible fashion."

It would certainly be difficult to find as direct an accusation of the government of former president Lusinchi in the Venezuela of today, or, if you will, as precise a formulation of "charges" for the purpose of placing political responsibility with the former president. Carlos Andres Perez, now president of the Republic, can even tell himself that he has already fulfilled his duty to identify and charge the man politically responsible for the crisis.

In his requisition, of course, President C.A. Perez only neglected to note that both he himself and the party in government during Jaime Lusinchi's term of office absolutely supported all of that official's actions and omissions. During that constitutional period, between 1984 and 1989, it can be said that the "party-state" plan functioned fully, for in the majority of cases, the government's political decisions were previously approved by the CEN [National Executive Committee] of the government party, and were then merely legitimized by the executive branch and the Congress. And so Jaime Lusinchi's government party declared full solidarity with the former president, and is jointly responsible for his actions.

Now we have the "happenstance" or "coincidence" that this party is the same party which is in the government of President C.A. Perez. The political charges made against Jaime Lusinchi and that party, therefore, after President C.A. Perez had himself asked his party for solidarity with the leadership of former president J. Lusinchi (!!!), places President C.A. Perez in the "diabolical" dilemma of having to challenge his own party in order to save himself in the eyes of history which, as he has repeatedly asserted, is now what is most important to him.

* AD Disagrees With Perez' Economic Measures

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[Article by Ludmila Vinogradoff]

[Text] For the first time since the complex of economic measures began to be implemented last March, the leadership of the Democratic Action [AD] is abandoning its passive and absolute approval of those measures.

The change in attitude began to be seen at the last meeting of the CEN [National Executive Committee] of the AD, which was held Thursday afternoon at the

Casona, with President Carlos Andres Perez and his economic cabinet present. At this meeting, the new tariff policy, which has not yet been approved, was discussed.

Since the beginning, the party has given its support to the economic policy of Perez, accepting the argument of his team to the effect that there was no choice other than to sign the letter of intention with the International Monetary Fund (IMF) and to implement harsh measures, because this would bring in foreign financing and would correct the domestic imbalances, subsequently producing "benefits and progress" for the country.

In view of the prospects offered by the economic ministers, the Democratic Action passively accepted the liberation of prices and interest rates, foreign exchange standardization, and the increasing of fuel and public service rates. All that is lacking is to add the tariff policy to this package of measures, as another condition set forth in the IMF letter of intention. And this precisely is the point of discussion at present between the government and the party.

In the course of the implementation of the first four measures, the governing party has seen only negative results. "The sacrifices have not borne fruit, and to top it all, with a neoliberal policy like that on taxes, in which the natural allies are the businessmen, the private sector has been plunged into frustration, uncertainty, a slowdown in activity, and discontent," sources have said.

An analysis of the results of each measure shows that price liberation has not resulted in competition and a decline in prices. In one single category, poultry and eggs, a price drop has been seen, but this was merely because the poultry breeders' union does not have adequate cold storage capacity and has been forced to market its goods whatever the price. The powdered milk situation, on the other hand, has resulted from the image problem of the industrialists, because of the charges of corruption at Recadi.

A similar situation characterized by oligopoly and monopoly, and not the vaunted law of supply and demand, can be seen with regard to the domestic banks and interest rates. Here too it has become clear that the banks are functioning as a cartel, with the increase in and standardization of interest rates.

Where the monetary and foreign exchange situation is concerned, the president of the BCV [Central Bank of Venezuela], Pedro Tinoco, had announced in March that fresh money would come within 3 months, but as yet there has been nothing. He also announced that following exchange standardization, the dollar would drop, but the rate still remains at 37 bolivares to the dollar.

Meanwhile, the businessmen have begun to evidence doubts about the measures. The letters of credit still continue to be a burden on the private sector, and on top of this, there is inflation and speculation.

Added to this is the uncertainty in the foreign sector. The Venezuelan negotiators have seen that there will be no reduction in or forgiveness of the foreign debt to the extent of 50 percent, as they had hoped, and that the Brady Plan may prove to be another failure, because of the refusal of the North American bank to reduce the debt. To this is added the indecision of the financial contributors in Europe and Japan.

The AD leaders have noted that Tinoco and Miguel Rodriguez have postponed their trip to Japan, not because of the resignation of the Japanese prime minister, but rather because of the conditions imposed in order to qualify for bridge credit.

And meanwhile, time is passing and no response to the letter of intention signed has been received from the IMF. Venezuela is paying a very high and burdensome economic and social price.

And now the economic cabinet is proposing implementation of the last measure, which some AD leaders call the "Satanic Plan." This is the tariff policy which, in the opinion of some economists, is designed to destroy 50 percent of the domestic productive apparatus.

The top AD leaders are realizing that the "Satanic Plan" means opening our frontiers to U.S. imports, thus destroying domestic industry. "This is not competition," our sources said. The method prescribed by the tariff policy calls for opening Venezuela up to foreign competition. However, in the opinion of these leaders, it must be viewed from two angles—the degree of openness and its timing. And the whole problem lies with the tariff barriers.

The economic analysts in the AD believe that the tariff policy proposed is a deception, because the apparent price savings to the public because of the reduction in tariff duties will be lost due to the dollar rise caused by the increase in demand for foreign exchange for imports. The question then arises as to whether it is worth destroying domestic industry in the interests of a benefit which the consumer will not actually receive.

This further sacrifice, with the new tariff policy, or "Satanic Plan," "means hunger for the Venezuelan citizen because of rising unemployment, although there will be jobs for the United States."

The Democratic Action has serious and very profound objections to the new tariff policy. This is why it was not blindly approved during the last meeting of the CEN, despite the urgings of Tinoco and Rodriguez, who are hoping for its implementation next month, consistent with the IMF letter of intention.

The leaders of the AD hope that before they approve it, the proposal can be amended to provide domestic industry with more protection, that the economic laws will first be approved in the Congress, and above all, that agreement can be reached with the party and the rest of the country. In other words, they do not want to let themselves be "force-fed" by the economic ministers.